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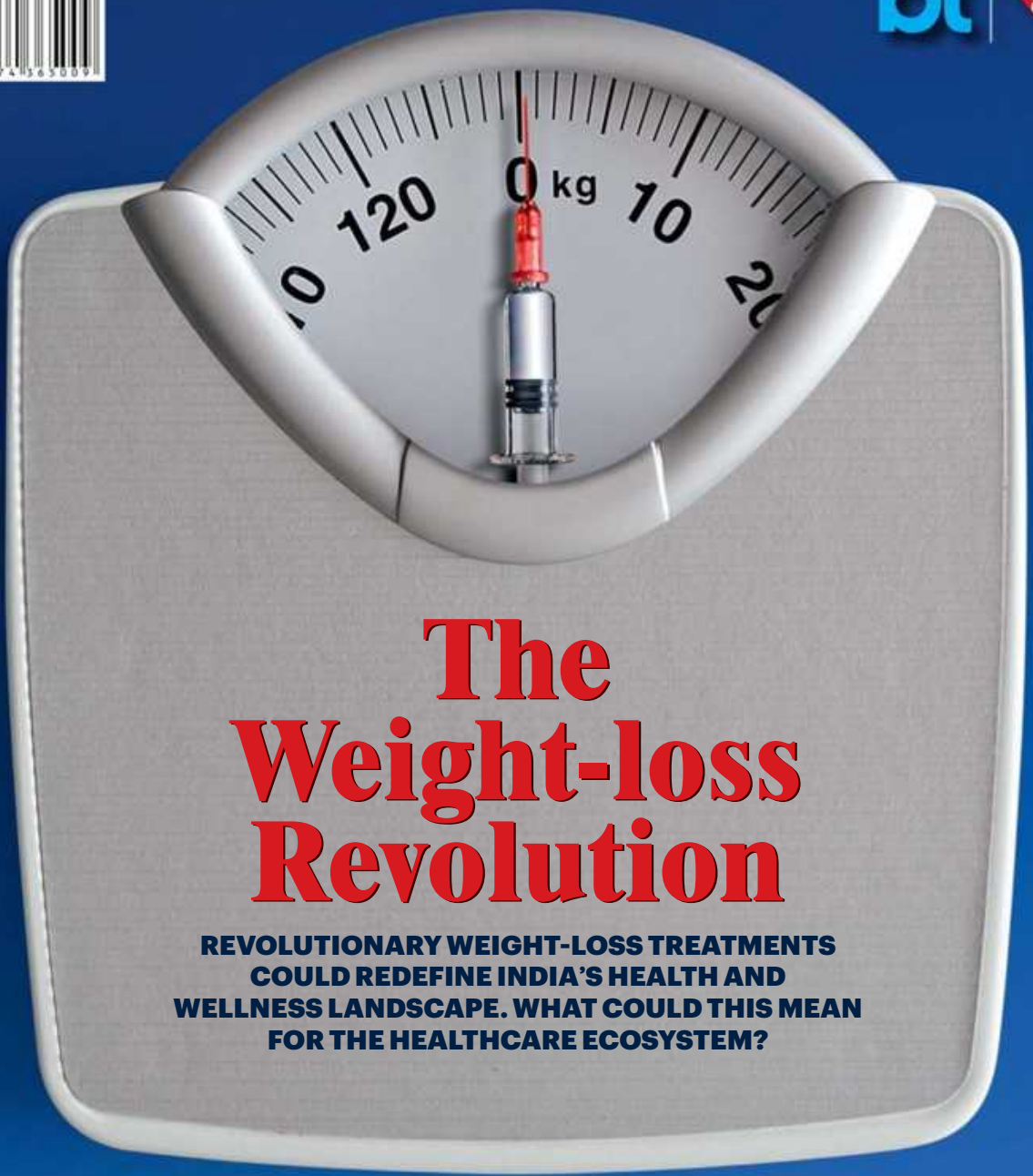

The Weight-loss Revolution

REVOLUTIONARY WEIGHT-LOSS TREATMENTS COULD REDEFINE INDIA'S HEALTH AND WELLNESS LANDSCAPE. WHAT COULD THIS MEAN FOR THE HEALTHCARE ECOSYSTEM?

OUTLOOK FOR INDIA IN 2025 AND BEYOND

Q&A WITH **NEELKANTH MISHRA,** AND COLUMNS BY... **TARUN KHANNA • SANJEEV SANYAL • HARSH GUPTA MADHUSUDAN • ROSHNI NADAR MALHOTRA • S. SOMANATH • NILESH SHAH ... and more**

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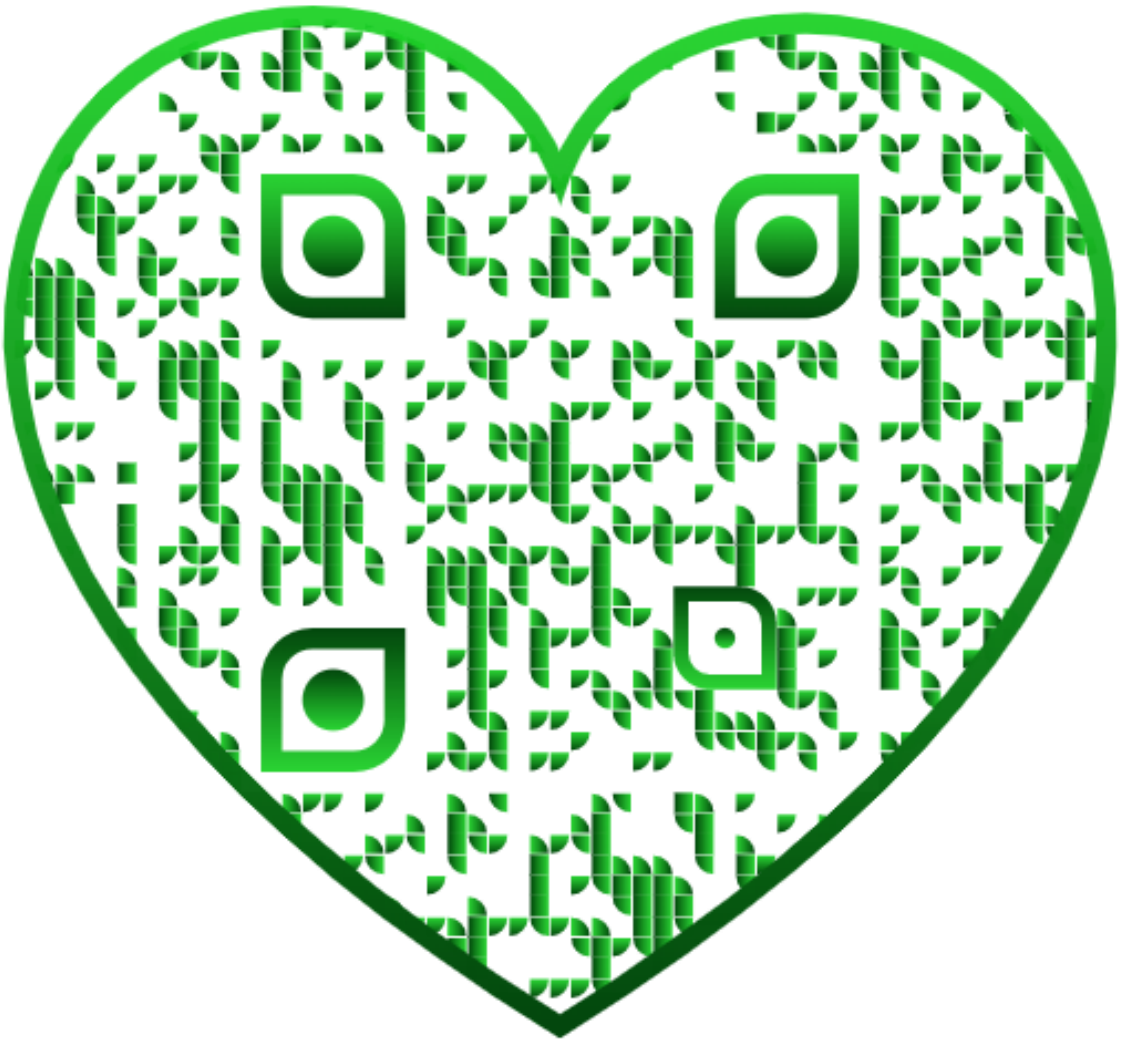

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A Future of Many Possibilities

With Ozempic and similar injectable medicines being used off-label overseas to help obese individuals lose weight, can these new drugs become the panacea for over 250 million overweight and obese Indians? Over Christmas, Elon Musk, the world's richest man, brought the issue into sharp focus when he revealed he was using the medication Mounjaro for weight loss. His post went viral, sparking renewed interest in GLP-1 inhibitors—originally intended for managing Type 2 diabetes.

This is the topic we explore in this issue, and as *Neetu Chandra Sharma* writes, it may well become the next big thing in India. However, as Eli Lilly and Novo Nordisk prepare to launch these treatments in the Indian market, regulatory approvals and pricing may prove to be a significant hurdle. In the US, such medication is partially subsidised under the Medicare programme when prescribed for diabetes management.

Will Indian companies seize this opportunity and provide more affordable versions of these weight-loss treatments? Kiran Mazumdar-Shaw tells us that her company Biocon has already developed GLP-1 peptides and secured the world's first approval for a drug—liraglutide—from the UK. It is making strong progress on approvals for other GLP-1 drugs, including semaglutide, which is set to go off-patent in emerging markets and Canada by 2026, she says.

Meanwhile, 2025 is poised to be a landmark year for India and the world, with several critical developments on the horizon. In this issue, 20 leading lights from business, industry, government, and academia share their insights on emerging trends and opportunities. Economist Sanjeev Sanyal writes that a complex world could take many unpredictable paths by 2030. Harvard Business School's Tarun Khanna cautions that India faces the urgent challenge of extreme heat but remains underprepared.

Elsewhere, Arvind Panagariya, Chairman of the 16th Finance Commission, reflects on lessons yet to be learnt for India's economic journey ahead. On the economic growth front, as SBI Chairman Challa Sreenivasulu Setty points out, until private investment picks up, the central government will have to continue to do the heavy lifting. While *Surabhi* examines the implications of a potential India-China thaw on economic relations, fund manager Harsh Gupta Madhusudan asserts that American exceptionalism is far from over. A country capable of producing both SpaceX and *Saturday Night Live* should not be bet against.

And betting against the future is something that history teaches us to never do. With the right mix of innovation, resilience, political vision and *chutzpah*, India's journey into 2025 and beyond should move it consistently towards a much higher per capita income. That would be the true measure of a Viksit Bharat and a great bet to win! BT

Siddharth

siddharth.zarabi@aajtak.com
@szarabi

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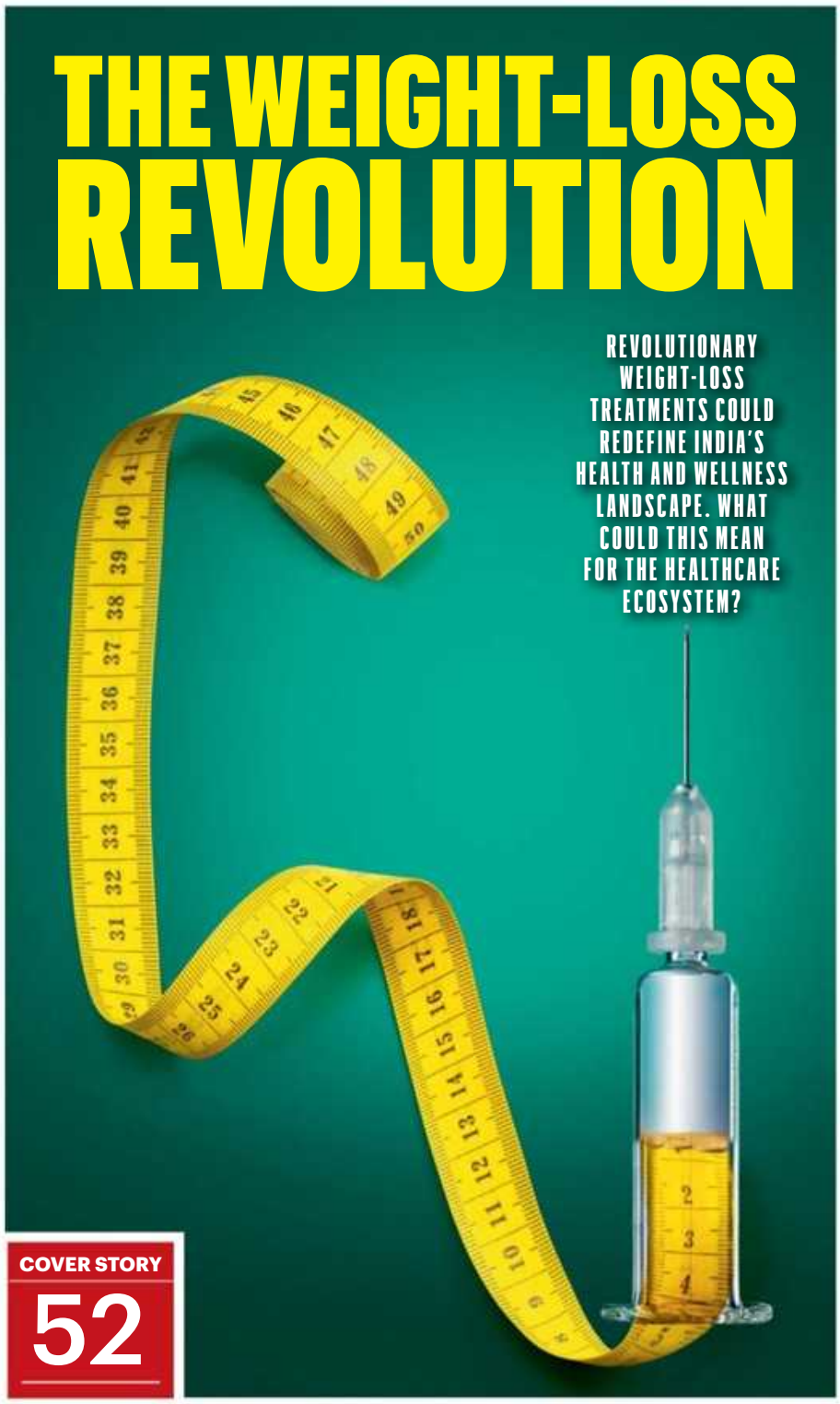
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Redefining Industry Standards: SCALA's Impact on MarTech & Digital Signage

SCALA stands out as the preferred partner for global brands and large-scale deployments, building its reputation on a solid foundation of reliability. Their digital solutions not only ensure a stable and secure network deployment at scale, but also represent a significant evolution from traditional hardware, offering comprehensive end-to-end solutions. The future of digital signage is already unfolding, and SCALA is at the helm of these transformative advancements. SCALA is reshaping industries around the world with their focus on innovative digital solutions, expert technical consultancy, content creation, and UI/UX design services, which empowers businesses to elevate customer experiences and remain competitive in a rapidly changing market. Let's delve into how SCALA is embracing this change and contributing to the digital landscape of tomorrow in a discussion with Manish Kumar, Managing Director of SCALA and STRATACACHE APAC.

Can you tell us about what SCALA offers and how its helping businesses elevate their customer experience?

SCALA has achieved remarkable growth, now operating in over 100 countries, particularly strengthening our presence in the Asia-Pacific region. Our regional headquarters in Singapore and new offices in Bengaluru and Delhi/NCR, India, reflect our commitment to expanding our reach and impact. As a versatile provider of digital solutions, hardware, and software, SCALA specializes in content management systems (CMS) and offers a diverse array of products and solutions designed to elevate customer engagement and enhance operational efficiency across various sectors.

One notable advancement is the evolution of SCALA's interactive kiosks, which have transformed from single-function units to multi-featured devices capable of addressing a wide range of business needs. This innovation enables our clients to fully realize the value of their investments, providing a seamless and integrated experience across multiple touchpoints.

Our proactive approach has driven the development of key solutions: the Flight Information Display System (FIDS) for airports, the Passenger Information Display System for metros, ferries, and railways, Self-Ordering Kiosks for restaurants and Self-Checkout Solutions for retail. Additionally, our Wayfinder Solutions cater to malls, theme parks, resorts, airports, and other large venues with intricate layouts and attractions. These solutions enhance customer experiences and streamline operations, positioning our clients for success in a competitive landscape.

How is SCALA adapting its digital solutions to meet specific demands in the APAC region?

The APAC market is a constantly evolving landscape, shaped by emerging trends and diverse consumer behaviors. To effectively navigate these changes, SCALA is dedicated to customizing its digital solutions for the unique needs of fast-growing Southeast Asian countries like Vietnam, Indonesia, and the Philippines. By emphasizing centralized management, screen content, and scheduling, we enable businesses to harness these tools for greater efficiency.

In markets such as Japan and India, our strong understanding of local cultures and business practices allows us to deliver innovative and reliable solutions. We recognize the importance of staying at

the forefront of industry developments and prioritize key areas such as personalization, UI/UX design, security, and seamless integration with existing systems. By blending technological advancements with cultural awareness, SCALA is empowering businesses throughout the APAC region to reach their objectives and excel in the digital era.

As the world adapts to a new way of living, how is SCALA revolutionizing industries with fast, agile solutions?

The SCALA team actively embraces the evolving changes in today's business landscape, recognizing the importance of agility. Our innovative digital solutions are thoughtfully designed with the customer's needs in mind, ensuring flexibility and responsiveness to adapt to the dynamic demands of their unique customers. Digital signage has transformed from a mere aesthetic tool into a vital component of business workflows, enhancing efficiency & enriching customer experiences. Furthermore, SCALA provides expert consultation and design to guarantee that each solution is implemented effectively.

As a solutions-focused company, how does SCALA leverage technology to address the evolving needs of various industries, such as aviation, retail, and corporate environments?

SCALA is dedicated to empowering businesses with innovative solutions that elevate customer experiences and transform operations. With a technology-driven and solution-oriented mindset, we tackle a diverse array of industry-specific challenges.

In aviation and transportation hubs, SCALA's Flight Information Display Systems (FIDS), Passenger Information Display Systems (PIDS), and Virtual Information Kiosks enhance passenger experiences. Offering real-time updates and live video assistance, these solutions streamline wayfinding, reduce stress, and ensure a seamless journey across airports, train stations, and ferry terminals.

In retail environments, our Interactive Kiosk & Self-Checkout Kiosk elevate the customer experience to new heights. For banking, finance, and government offices, our Queue Management Systems expertly manage wait times and set clear expectations for customers.

In corporate settings, our Meeting Room Managers and engaging corporate communication solutions enhance productivity and foster collaboration.

Through our comprehensive suite of solutions, SCALA is committed to guiding businesses toward their goals and helping them exceed customer expectations.

According to our studies, SCALA's Media Players are considered the best in the APAC region; what makes them stand out?

We take great pride in our media players, which are thoughtfully engineered to deliver reliable performance & functionality. SCALA Media Players are optimized to ensure stable playback of multimedia content, providing a solid foundation for effective remote monitoring. Their rising popularity in the APAC region reflects their capability to enhance digital displays across various sectors, including retail, fast food, hospitality, education, transportation, and banking.

Our newest addition, the AP series, includes five versatile models: SMP-L-AP, SMP-S-AP, SM-SP-AP, SMP-DX-AP, and SMP-Q-AP. Each model has been specifically designed to meet the unique demands of the APAC market, offering enhanced performance along with a variety of specialized features that make them adaptable to diverse environments.

For instance, the DX-AP line is particularly noteworthy, providing enterprise-level capabilities such as dual output functionality and seamless UHD 4K content playback which can display high-quality content simultaneously across multiple platforms. By combining advanced technology & a thorough understanding of the APAC market, SCALA's Media Players equip organizations to create impactful digital experiences that engage & inform their target audiences.

How can SCALA's CMS streamline content management for businesses with multiple locations, such as retail chains or global corporations?

SCALA's CMS offers a powerful, centralised platform to efficiently manage digital signage networks across multiple locations. Businesses can schedule, update & personalize content remotely and in real time, to implement targeted campaigns. For example, retail stores that have several locations can promote offers & display products in real-time. SCALA has mastered simplifying content management which empowers businesses to deliver consistent, impactful messaging across their entire network.

Security is a top priority and role-based access controls and detailed activity logs, give businesses full control to assigned users. With SCALA's CMS, businesses can seamlessly execute digital signage campaigns while ensuring that their networks remain secure and protected.

What upcoming innovations can we expect from SCALA in digital signage and any plans for expansion?

As a trusted leader in digital signage solutions, we are dedicated to pushing the boundaries of technology. We are excited to unveil our latest innovations, featuring advanced enhancements for our Flight Information Display Systems (FIDS) and Passenger Information Display Systems (PIDS). By integrating interactive elements and artificial intelligence capabilities, we aim to elevate passenger experiences in airports to new heights.

We are also passionate about expanding our presence in the hospitality sector with transformative solutions, including self-check-in, self-checkout, and in-room dining systems for hotels and resorts. These innovations are set to streamline operations, enrich guest experiences, and empower hotels with a competitive edge.

To support our global journey, we have a new Sales and Support Center in the New Delhi NCR region. This strategic move enables us to provide tailored solutions that meet the diverse needs of the Asia-Pacific market.

Looking ahead, we are inspired to pursue strategic partnerships that will enhance our global presence and solidify SCALA's leadership in the digital signage industry. Together, we can drive innovation and create extraordinary experiences across various sectors. For more information, please visit **www.scala.com/in**

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A LUXURY APARTMENT COMPLEX, DLF ONE MIDTOWN, IN DELHI

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LIVING LIFE KING-SIZE

2024 WITNESSED A MAJOR SPIKE IN LUXURY HOME BUYING IN INDIA, DESPITE RUNAWAY PRICES. RECENTLY, A PENTHOUSE IN GURUGRAM, HARYANA, SOLD FOR A WHOPPING ₹190 CRORE. HERE IS MORE ON THE LUXURY HOME MARKET BOOM:

12,625
UNITS
Priced at ₹4 crore or more, sold during January-September 2024 against 9,160 units a year ago

$101.92
BILLION
Expected market size of Indian luxury residential real estate market by 2029, from $38.02 billion in 2024

1.65
MILLION
Likely number of HNIs in India by 2027. The number stood at around 0.80 million in 2022

47.3
PER CENT
Profit growth recorded by 10 major listed real estate firms during H1FY25 at ₹5,750 crore

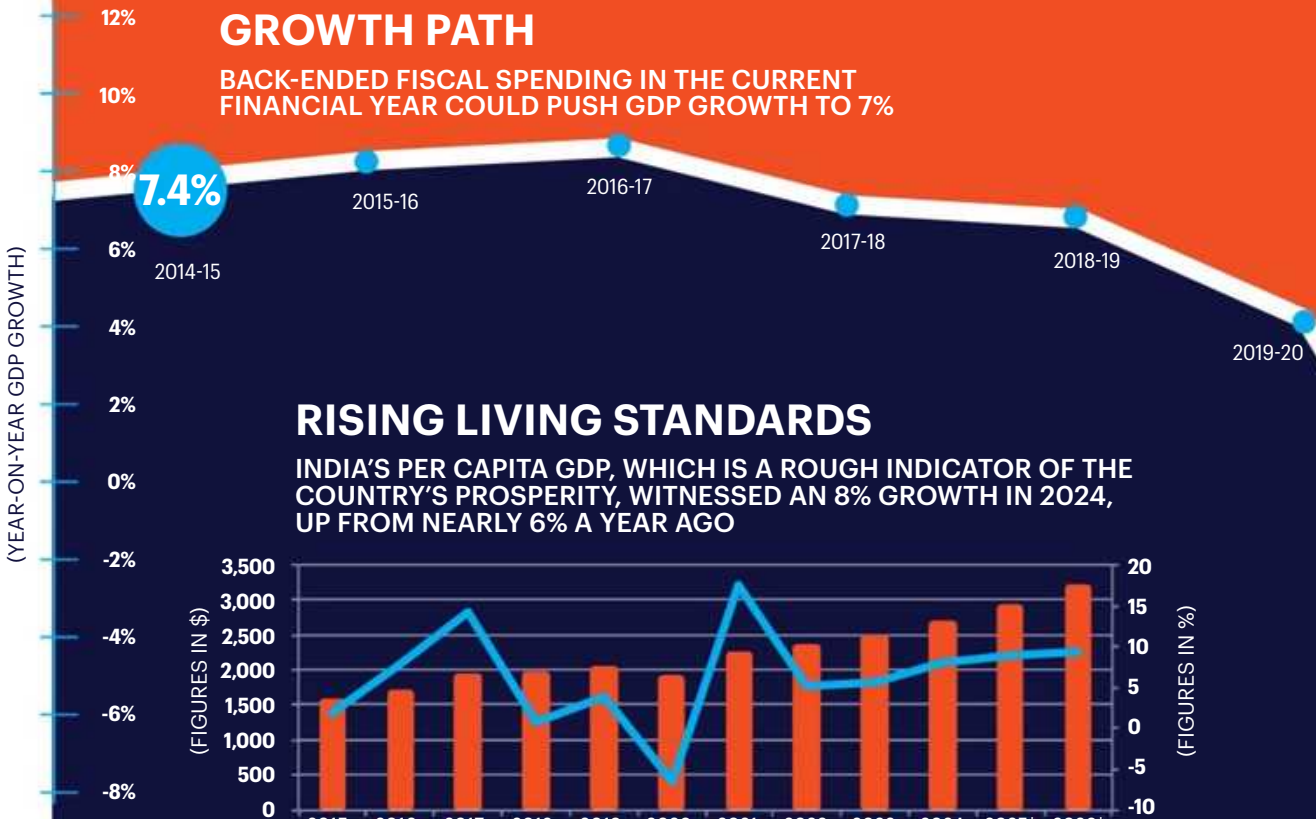
IN DECENT SHAPE

The Indian economy advanced steadily in FY24, driven by higher government capex that stimulated demand and consumption, even as other major economies struggled. Economists remain optimistic about India's economic prospects in 2025. Let's take a look at India's key economic indicators:

By **PRINCE TYAGI & RAHUL OBEROI**
Graphics By **RAJ VERMA**

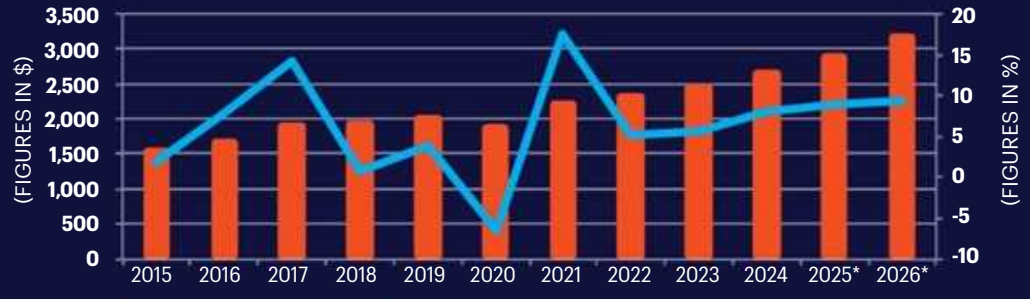
GROWTH PATH

BACK-ENDED FISCAL SPENDING IN THE CURRENT FINANCIAL YEAR COULD PUSH GDP GROWTH TO 7%



RISING LIVING STANDARDS

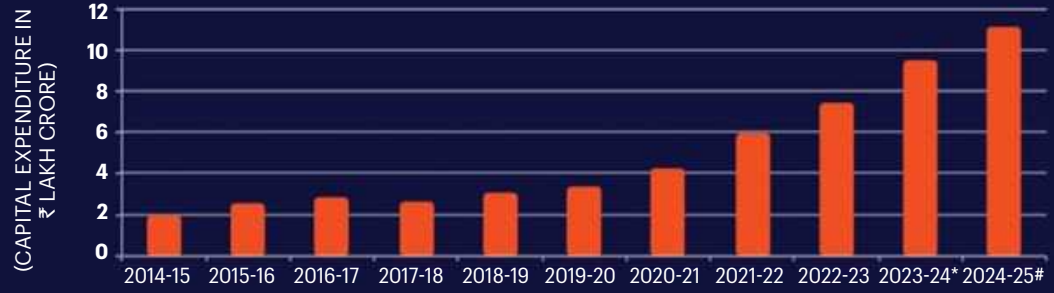
INDIA'S PER CAPITA GDP, WHICH IS A ROUGH INDICATOR OF THE COUNTRY'S PROSPERITY, WITNESSED AN 8% GROWTH IN 2024, UP FROM NEARLY 6% A YEAR AGO



*ESTIMATES **SOURCE** IMF

CAPITAL PUSH

THE GOVERNMENT'S CAPITAL EXPENDITURE IS LIKELY TO CROSS THE ₹11-LAKH-CRORE MARK FOR THE FIRST TIME IN FY25



*REVISED ESTIMATE; #BUDGET ESTIMATE **SOURCE** CMIE ECONOMIC OUTLOOK

3.2 per cent

GROWTH THE WORLD ECONOMY MAY WITNESS IN FY25, WHILE INDIA MAY CONTINUE TO SHINE WITH THE FASTEST GROWTH OF 6.5% AMONG MAJOR ECONOMIES, AS PER IMF

₹21.54 lakh crore

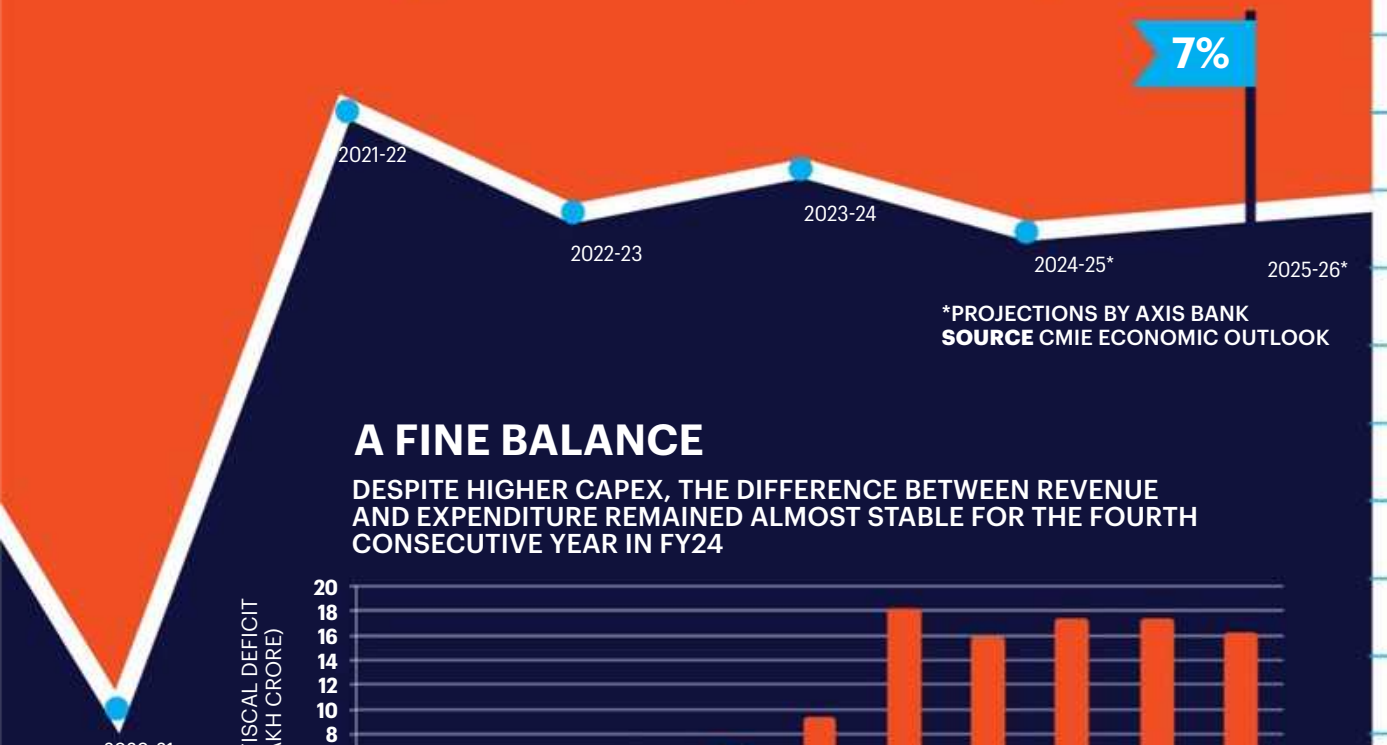
GOODS AND SERVICES TAX COLLECTION IN 2024 COMPARED TO ₹19.63 LAKH CRORE IN THE PREVIOUS YEAR, ACCORDING TO CMIE ECONOMIC OUTLOOK

₹427 crore

NET INVESTMENT BY FOREIGN INSTITUTIONAL INVESTORS IN EQUITIES IN 2024, COMPARED TO ₹1.71 LAKH CRORE IN THE PREVIOUS YEAR, AS PER ACE EQUITY

75% increase

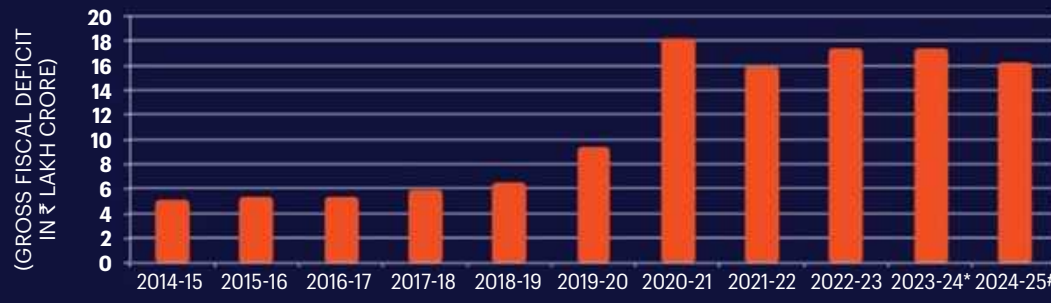
IN PRIVATE CONSUMPTION, WHICH ACCOUNTS FOR OVER 55% OF INDIA'S GDP, IN THE PAST DECADE, AS PER CMIE ECONOMIC OUTLOOK



*PROJECTIONS BY AXIS BANK
SOURCE CMIE ECONOMIC OUTLOOK

A FINE BALANCE

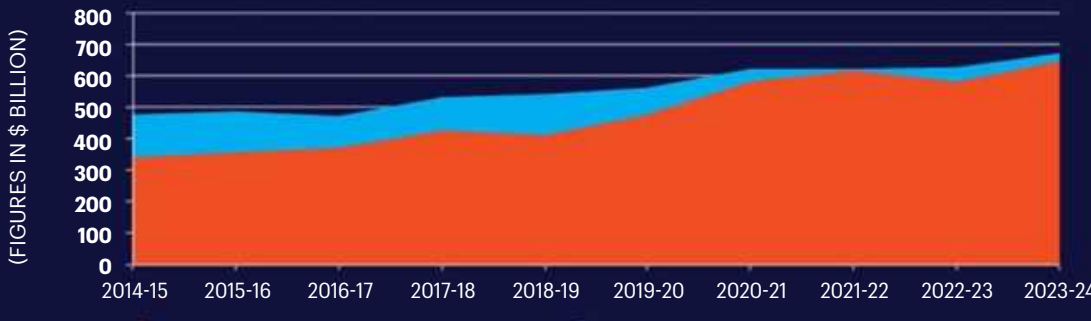
DESPITE HIGHER CAPEX, THE DIFFERENCE BETWEEN REVENUE AND EXPENDITURE REMAINED ALMOST STABLE FOR THE FOURTH CONSECUTIVE YEAR IN FY24



*REVISED ESTIMATE; #BUDGETED ESTIMATE **SOURCE** CMIE ECONOMIC OUTLOOK

FOREX CUSHION

INDIA HAS A GOOD AMOUNT OF FOREIGN EXCHANGE RESERVES IN RELATION TO ITS EXTERNAL OUTSTANDING DEBT



SOURCE CMIE ECONOMIC OUTLOOK

OBITUARY

THE COMPLETE ECONOMIST

THE MANMOHAN SINGH ERA WILL GO DOWN IN HISTORY AS THE ONE THAT CHANGED THE IMAGE OF INDIA, NOT MERELY IN THE ECONOMIC SPHERE, BUT IN EVERY OTHER ASPECT

BY **K.M. CHANDRASEKHAR,** FORMER CABINET SECRETARY

MANMOHAN SINGH will be remembered by posterity as the architect of new India, as the man who, in collaboration with Prime Minister P.V. Narasimha Rao, changed the face of the Indian economy. Many times, when, as PM, he was downcast, I used to tell him, "Sir, a hundred years hence, you will be considered the leader who changed India, who put us firmly on the path of growth." I am strongly of the opinion that the Manmohan Singh era will go down in history as the one that changed the image of India, not merely in the economic sphere, but in every other aspect, making India a respected global power today, economically and politically powerful.

I recall that in the early '80s, when I went to the University of Leeds for a training programme, India was no better than a third-world country. India found no mention in any leading British newspaper. By the end of the '90s, when I was posted first to Brussels, then to Geneva, the situation had changed dramatically. Rarely did a day go by without the mention of India. Investment interest in India had grown significantly. Throughout my tenure as Ambassador to the World Trade Organization, there was intense pressure on India to open our large and prosperous domestic market.

The evolution of Singh's economic thinking is an interesting study. He began his career working in the foreign trade ministry as an advisor to then Minister L.N. Mishra. This was followed by tenures as Chief Economic Advisor in the Ministry of Finance, Governor of the Reserve Bank of India, Secretary in the Ministry of Finance, and Deputy Chairman of the Planning Commission. In 1987, he became Secretary General of the South Commission in Geneva, then headed by the Fabian socialist Julius Nyerere, former President of Tanzania. Nyerere strongly believed in different strategies for rebuilding the developing world, and he was against unquestioningly imitating the methods followed by the developed countries.

Thus, there was nothing in Singh's career path to believe that he would go down in history as a great liberaliser who would open up the Indian economy.

The South Commission, helmed by Nyerere and Singh, produced a report in 1990 titled "The Challenge to the South". The Commission firmly believed that mere growth in GDP or in per capita incomes does not signify development. Development means greater prosperity and better quality of life for all, not just wealth for a few at the top of the income pyramid. The report said, "The declared purpose of development was the eradication of poverty, ignorance, and disease. A large number of developing countries adopted as models developed countries which had by and large banished those evils. And, as these countries appeared to set great store by the rate of GDP growth, most countries in the South tended to use it as the yardstick of performance. Increases in the rate of GDP growth became almost a goal in themselves; for practical purposes, they came to define development. Most developing countries failed to see that such figures could conceal poverty, suffering, and injustices that were the very ills they were eager to cure. They did not take into account the very different circumstances in which the South was attempting to develop. Placing too much confidence in the theory that growth would trickle down, they took little direct action to improve productivity and raise the incomes of the poor or to ensure a less unequal distribution of the benefits of growth through such programmes as land reform."

This was probably the reason why he did not set great store by GDP growth per se. Even though the economy had grown to $1 trillion by 2010 and to more than $2 trillion

PHOTO BY **GETTY IMAGES**

by the time he left office in 2014, we did not hear much of a song and dance about it. Singh's policies were, therefore, supple and flexible; he could blend supply-side economics with measures to bolster demand and improve the living conditions of the lowest strata of society.

Never was this more apparent than in the 2008-09 "great recession", when he was also holding charge as Finance Minister. This catastrophe, triggered by the US subprime loan crisis, had brought the developed world to its knees. India, which was growing increasingly integrated into the global economy, could not escape the reverberations. He responded with a set of measures that would both foster demand and support the supply side. There was across-the-board central excise duty reduction by 4 percentage points; additional Plan spending of ₹20,000 crore; additional borrowing by state governments of ₹30,000 crore for Plan expenditure; assistance to specific export industries in the form of interest subsidy on export finance, refund of excise duties/central sales tax, and other export incentives; and a 2% reduction in central service tax. The total fiscal burden of these packages amounted to 1.8% of GDP.

Besides, measures were taken to support industries in trouble, such as the automobile industry, through such measures as opening a new window for the purchase of buses by state entities under the Jawaharlal Nehru National Urban Renewal Mission and fast forwarding purchase of vehicles by the Ministry of Defence. The RBI supported these measures with a range of policy measures. The cash reserve ratio (CRR) was brought down from 9% to 5%, the statutory liquidity ratio (SLR) from 25% to 24%, the repo rate from 9% to 4.75% and the reverse repo rate from 6% to 3.25%.

The Singh government was also credited with a number of significant welfare measures. The Mahatma Gandhi National Rural Employment Guarantee Scheme, the right to food security and the right to information all took birth in this period. Aadhaar was another important development. He roped in Nandan Nilekani to develop a perfect identification system, which now forms the basis of the technological progress achieved in the delivery of services, banking, direct benefit transfer and many other areas.

Singh was a complete economist. His work in multiple areas in the past, his strong academic credentials, his openness to ideas, his holistic understanding of the economy, his concern for all sections of society, particularly the poor, and his ability to build consensus made him a leader who India will never forget. BT

The writer is also the author of As Good as My Word. *Views are personal*

THE GENTLEMAN-SCHOLAR PM

IN EVERY ROLE HE HELD, BE IT FINANCE MINISTER OR PRIME MINISTER, SINGH REMAINED OPEN-MINDED AND CONSTANTLY SOUGHT NEW IDEAS

BY **N.R. NARAYANA MURTHY,** FOUNDER, INFOSYS

I HAD KNOWN Manmohan Singh personally for quite some time even before he became the Finance Minister. He was a genuine friend and someone I admired much. One phrase that describes him aptly is "the most courteous, cultured and humble gentleman-scholar".

He was a picture of humility and a fountain of knowledge. He was extraordinarily accessible and decent. Sudha and I often visited his home with our children and family members. He was also, perhaps, the politician with the least ego I have ever met. Despite his seniority and rank, he remained equanimous and empathetic even when someone declined his requests.

When he was the Prime Minister, he wanted me to be the chairman of the Foreign Investment Commission that he wanted to set up to accelerate foreign direct investment. I respectfully declined it due to various reasons. He then requested my late friend, Ratan Tata, who accepted the position. I found that it was easy to disagree with Singh and yet remain friendly with him. His philosophy could be summed up by the much-practised Infosys tenet, "You can disagree with me as long as you are not disagreeable". He and I disagreed sometimes even when he was the PM. Yet, he was very kind and comfortable in us being able to express our differences of opinions honestly while still preserving our friendship.

The reforms of 1991—spearheaded by him, enabled by Prime Minister P.V. Narasimha Rao, and supported by P. Chidambaram and Montek Singh Ahluwalia—laid the foundation for the global success of the Indian IT industry and Infosys.

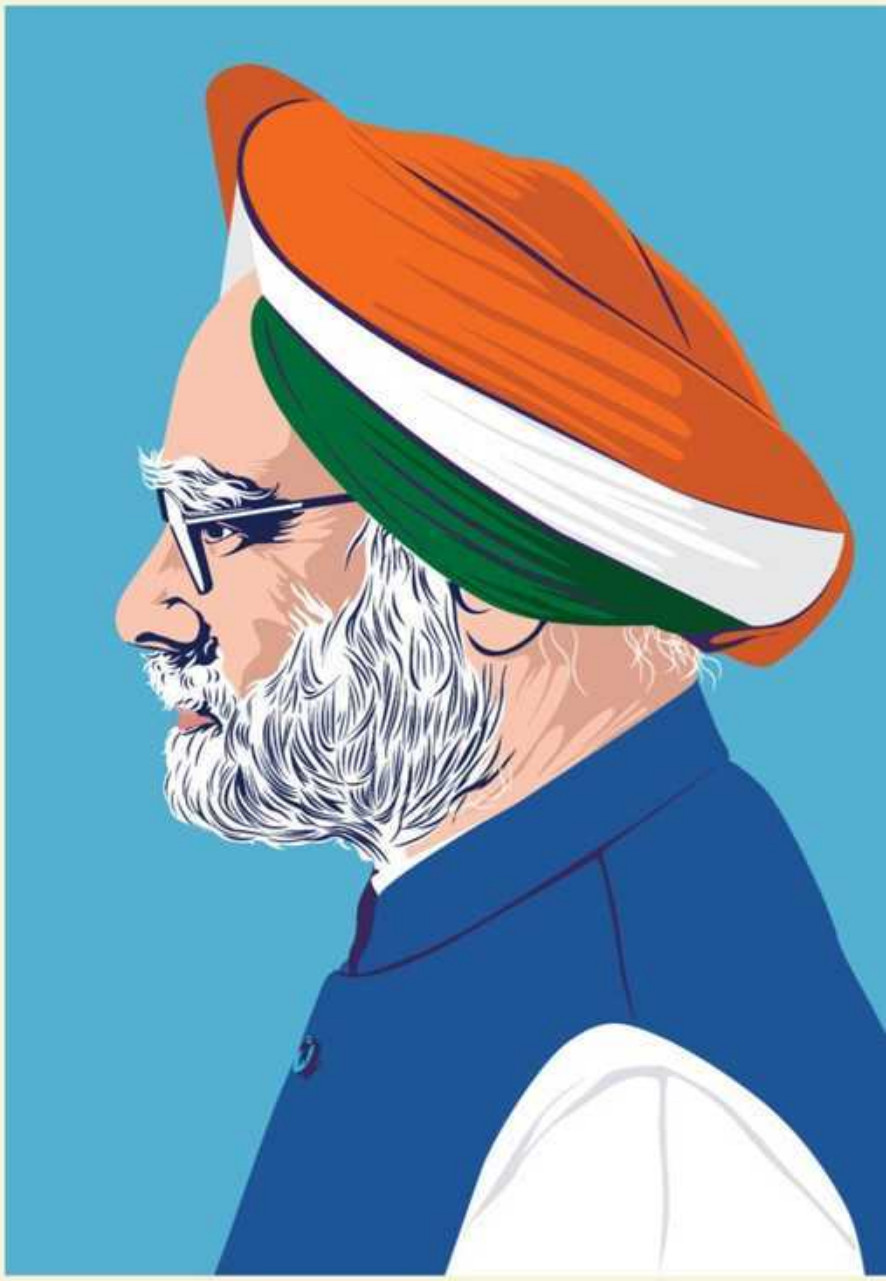


ILLUSTRATION BY **RAJ VERMA**

These reforms catalysed the rise of India's burgeoning middle class and set the stage for India's entry on the global map. Singh genuinely appreciated entrepreneurship, job creation, and a value-driven approach to work. He always took the opportunity to encourage entrepreneurship in the country. Sudha and I often reminded him that ordinary people like us, who came from middle class backgrounds, could ultimately do something reasonable with our lives because of the seminal contribution he made to India's economy. We told him that his reforms gave entrepreneurs like me a chance to dream beyond the limited circumstances I came from.

He was very kind to inaugurate first phase of our Global Education Center in Mysuru. On that occasion, he gave a scholarly lecture on the importance of research and education for the Indian corporate sector.

In 2009, the social science jury of Infosys Science Foundation awarded Professor Upinder Singh, Manmohan Singh's daughter, the Infosys Prize in social sciences. Prof. Singh is a world-renowned scholar in Indian history, in her own right. I invited Singh to be the chief guest for the award ceremony that year. Always, a stickler for propriety, he was uncomfortable to preside over the function where his daughter was being awarded the prize. Instead, he suggested the name of Mohammad Hamid Ansari, the much-respected scholar Vice President of India then, to be the chief guest. Singh, his wife, Gursharan Kaur, and others from his family attended the function as proud parents. His presence was low-key, and he ensured that the limelight was not taken away from the Vice President and from his daughter's moment of glory.

Of course, in 2010, as promised to me, he was the chief guest for the Infosys Prize function at Mumbai. He was ably supported in my interactions with him by one of the finest IAS officers this country has produced,

Singh was a PM with a high level of patriotism, culture, scholarship, humility, and kindness

B.V.R. Subramanyam. He was in the Prime Minister's Office then and is currently the CEO of NITI Aayog.

Singh was very pleased with the Darbari Seth Memorial Lecture that I delivered in August 2002 in New Delhi. He was very clear about the need for our country to maintain fairness, justice, harmony and to raise the confidence and hope of every section of our society. Thereafter, he requested me to send him several of my lectures on various national issues. He read them and was very appreciative of my views on many important national issues. In fact, he requested me to publish some of my important lectures as a book. *A Better India: A Better World*, a compilation of my lectures, was published in 2009. He was very kind to release the book at a function held at his (PM's) residence with about 200 guests.

Singh respected and admired ethical job creators. He invited me to several dinners hosted in honour of visiting Prime Ministers and Presidents, including President Obama. At every such event, he arranged for me to speak with the visiting dignitary. When introducing me, he was always particular in highlighting the values with which my colleagues and I had built Infosys.

When the Satyam scandal broke, he called me and requested me to be the chairman of the board of the beleaguered company and set its governance right. I explained that my involvement would be inappropriate since Satyam had been a competitor of Infosys. I suggested selecting a much-respected corporate leader from another industry. He agreed with my suggestion and chose Deepak Parekh to be the chairman.

Singh had chaired the selection of Rhodes Scholars from India before his tenure as PM, a role he recommended that I accept when it was offered to me. After the 2009 elections, he sought my suggestions for a critical function like education for his second term. I recommended Nandan Nilekani, then the Co-chairman of Infosys, as a potential HRD minister. While political considerations led to a different decision, Singh inducted Nandan into his cabinet to lead the Aadhaar programme, demonstrating his openness to fresh ideas.

Singh made it a point of either replying to any letter I wrote to him or to call me and provide his opinion. Barring PM Narendra Modi and A.B. Vajpayee, I have rarely seen any senior Indian politician practice this courtesy. It is fair to say that Singh was a PM with a high level of patriotism, culture, scholarship, humility, kindness, tolerance, and decency.

In every role he held, be it Finance Minister or Prime Minister, Singh remained open-minded and constantly sought new ideas for India's betterment. Neither his ego nor his position came in the way of constantly seeking to do something better for the country.

His humility and focus on doing what was right for the nation never wavered. His legacy will endure as one of service, scholarship, integrity and decency.

May his soul rest in peace. BT

Views are personal

PHOTO BY MANDAR DEODHAR

MARKETS OUTLOOK

CAUTION AHEAD

A series of events in the first few weeks of the New Year could shape the trajectory of the equity markets, especially the Trump administration's policies

BY **RAHUL OBEROI**

EVERY JANUARY equity investors tend to tread cautiously, not the least because of the historical trend of negative returns in the first month of the year. Over 20 years, the benchmark NSE Nifty 50 index has declined on 13 occasions during this month.

Perhaps they will be even more circumspect this year considering the series of major events that are set to shape the trajectory of the markets over the next few months. First, there's the swearing-in ceremony of Donald Trump as the US President on January 20, an event that is expected to mark the

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beginning of a significant shift in global market sentiment. It will be followed by a possible delay in aggressive rate cuts by the US Federal Reserve and the Union Budget on February 1.

Market watchers believe investors could be jittery. G. Chokkalingam, Founder of Equinomics Research, an equities research firm, says, "We expect the first two quarters of 2025 to remain subdued for the Indian equity market. A weaker rupee, a possible delay in rate cuts by the US Fed, and the forthcoming Budget would delay the return of foreign institutional investors (FIIs) to Indian equities."

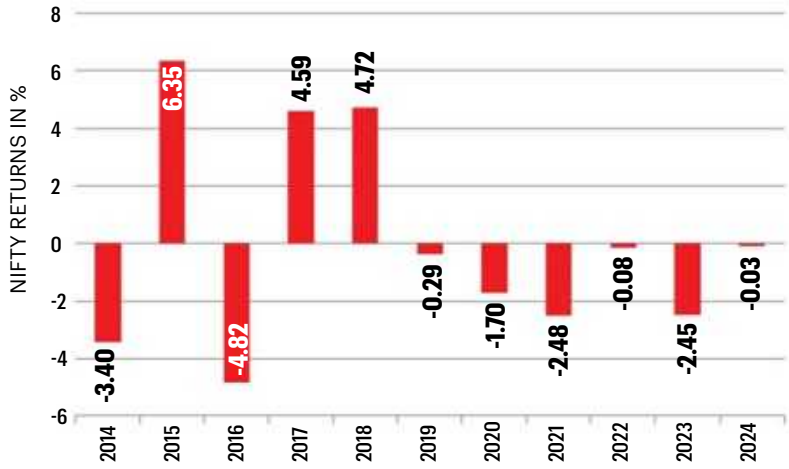
Overall, despite FIIs selling shares worth ₹1.15 lakh crore in October and November, they bought equities worth ₹3,460 crore in 2024 till December 27. In comparison, their net investment stood at ₹1.71 lakh crore in 2023. Meanwhile, the rupee declined 3% YTD to an all-time low of nearly 85.82 against the dollar on December 27.

Jathin Kaithvalappil, Assistant Vice President at Choice Broking, believes that the Indian equity markets could be cautious in the January-March period. "Creeping inflation in different parts of the country will certainly be one of the issues. There may be emerging opportunities, but overall it is likely to be flat, balancing the positive with several global uncertainties."

Kaithvalappil thinks FIIs will return gradually in 2025, influenced by stabilising global interest rates and India's strong growth potential. The pace of return will depend on geopolitical stability, currency dynamics, and risk appetite, he says.

POOR SHOWING

- In the last 10 years, the Nifty has delivered positive returns only thrice in January
- In the past 20 years, it has witnessed a fall in January on 13 occasions



Other analysts are cautious for the whole of 2025. Ruchit Mehta, Head of Research at SBI Mutual Fund, says 2025 could be a volatile one for the domestic equity markets, continuing the trend of the last few months of 2024.

"For markets to deliver double-digit returns, earnings growth has to sharply rebound from the current sluggish levels to the high teens range. This is not a given and would need revenue or sales momentum to recover and be the primary driver of earnings growth," Mehta says.

The other factor that will influence market movement is the strength of corporate earnings. There's some trepidation there, too, since there were signs of weakness in the September quarter results. The combined profit after tax (PAT) and sales of Nifty 50 companies witnessed a growth of just 4% each in Q2FY25. "It is possible that in the second half of 2025 we could see revenue growth momentum recovering, as economic growth pulls through from the current slow phase," says Mehta.

THERE'S SOME CONCERN ABOUT CORPORATE EARNINGS, SINCE THERE WERE SIGNS OF WEAKNESS IN THE SEPTEMBER QUARTER RESULTS

In terms of returns in 2024, the 50-share Nifty index gained nearly 9% on a year-to-date basis till December 30. On the other hand, the broader indices, including the Nifty Midcap 100 and Nifty Smallcap 250 gained 24% and 26%.

Achin Goel, Vice President of Bonanza Portfolio, says, "The outlook for the Indian stock market in 2025 appears cautiously optimistic, influenced by a blend of domestic events and global economic dynamics."

He explains that the New Year is expected to be filled with uncertainty because of a combination of factors. "If Trump pushes ahead with increasing tariffs by 10-20% on all US imports, rising to 60% for Chinese goods, the resultant

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impact will depend on what sectors will get affected and how stakeholders respond," Goel says, adding that for many other economies, the possibility of a stronger dollar is worrying.

Asked if the broader market will continue to deliver and which sectors may show some momentum going ahead, Mehta of SBI Mutual Funds says equities will remain the best means to compound capital over the long term. "What occurs in the shorter term, as in just one calendar year, is uncertain and difficult to forecast. From a pure valuation and sentiment perspective, there appears to be much more froth in the broader markets, which can act as a headwind going forward," Mehta says. He adds that companies exposed to the infrastructure and capex upcycle will benefit considering the current business environment.

He also sees potential for the consumer discretionary sectors such as tourism. Mehta also believes that the financial sector is likely to do well amid hopes that credit growth will pick up in the coming quarters on the back of improving economic growth and easier monetary conditions. BT

FIIs SOLD SHARES WORTH ₹1.15 LAKH CRORE IN OCTOBER AND NOVEMBER

@iamrahuloberoi

START-UP FUNDING

TECH, SET, GO!

With up to 30 tech start-ups looking to go public, the year promises to be a turning point for India's thriving start-up ecosystem

BY **PALAK AGARWAL**

A HUM OF optimism is audible in India's financial corridors. As the country edges closer to the $4-trillion GDP mark, the revival of the Indian story is marked by investor confidence. In the past few years, India's capital markets have been charting an exceptional course.

But the star of the show has been the Indian start-up ecosystem, which has outpaced heavyweights like China and Germany in terms of funding. In 2024 alone, the tech start-up ecosystem birthed six new Unicorns, saw 13 initial public offerings (IPOs), and celebrated 113 acquisitions with $11.3 billion raised, which was a 6% increase from 2023. And the momentum doesn't appear to be slowing down.

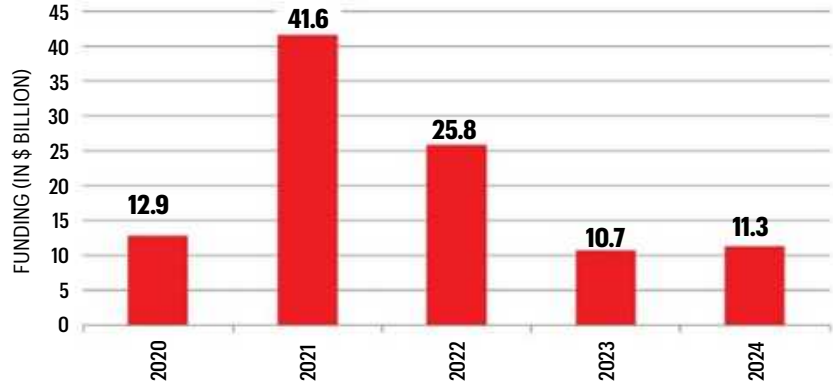
Industry insiders are predicting that there could be up to 30 more tech start-up IPOs in 2025.

"The public markets are performing exceptionally well," Pranav Pai, Founding Partner and Chief Investment Officer at 3One4 Capital, an early-stage venture capital firm based in Bengaluru, tells *Business Today*. "Over this period, we've seen 34 VC-backed companies go public. These companies have generally been well-received, provided they are fundamentally strong and sensibly valued."

Pai believes the Indian IPO

THE UPS AND DOWNS

Since 2021, after the record-breaking year—which saw Indian start-ups raise over $40 billion from across more than 1,000 deals, creating 42 new Unicorns—the pace of funding has cooled



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market remains "very warm and positive," waiting for the right kind of companies. "I think a lot more start-ups will go public in 2025," he adds, forecasting an IPO rush in the coming year. The most-awaited IPOs of 2025 include Zepto, PhysicsWallah, boAt, and Ather Energy, among others.

In 2025, start-ups are expected to attract increased investment, accompanied by a surge in mergers and acquisitions.

The days of Unicorn hunting seem to be behind us. Since the record-breaking year of 2021—which saw Indian start-ups raise over $40 billion from more than 1,000 deals, creating 42 Unicorns—the pace has cooled considerably. In 2024, only six new Unicorns emerged.

Mrigank Gutgutia, Partner at RedSeer Strategy Consultants, notes the shift in focus. "The quantum of Unicorns may remain smaller because Unicorn status is largely a function of private market interest," he explains. "If private market interest is high, valuations can skyrocket even if business fundamentals are weak. But in today's environment, while business fundamentals are strong, private market interest hasn't fully recovered. Investors are prioritising specific kinds of assets, which is actually a positive shift."

The question now is not how many Unicorns are emerging but how many start-ups are scaling to become $100 million revenue companies. "That's a more critical indicator of value creation," says Dipanjan Basu, Co-founder and Partner at Fireside Ventures, a venture capital firm. "Just within our portfolio, there are three times as many such companies as last year. Whether they achieve Unicorn valuation is a [only] matter of time."

A recovery in foreign private market investments could also bolster India's tech ecosystem. With inflation stabilising and interest rates declining, equity investments are expected to pick up pace.

"US tech markets are reaching all-time highs, with major players like Apple, Tesla, Nvidia, and Google performing strongly," Pai points out. "Global investors, including SoftBank, are likely to return to the Indian market."

However, experts caution against expecting a return to the 2021-level of funding. "That period marked the end of a bull market cycle," says Pai. He adds that while 2025 will be a year of recovery, it's important to note that the public markets are already at all-time highs, matching the 2021 levels in many respects.

As tech IPOs dominate headlines, other sectors are also poised for growth.

AI will remain a buzzword, but emerging segments like export-led manufacturing, consumer tech, BFSI (evolving beyond payments and lending into wealth tech), and climate tech are likely to take centre stage in the year ahead. Edtech, which has been in the news for the wrong reasons in recent years, is likely to gain momentum, and segments like agri tech and health tech are still in their nascent stages.

But, clearly there are reasons for optimism in the start-up ecosystem. As India's markets surge ahead, 2025 could be the year when start-up funding booms again. BT

@PalakAgarwal64

Empowered Leadership in Action: Dr. Ankita Singh's Vision for a Resilient and Sustainable Future

Every organization needs a compass — a leader who can navigate uncertainty while inspiring others to rise to the occasion. In an era where adaptability and innovation drive corporate success, the role of leadership in overcoming challenges has never been more critical. Dr. Ankita Singh, Chief People Officer and Board of Director at CIGNEX and Relevance Lab, as well as Chief People Officer at Excellerent Solutions, embodies the essence of modern leadership. With over two decades of transformative experience, she has become a source of inspiration for organizations striving for resilience and sustainability amid disruption. Her journey reflects a commitment not only to empowering people but also to building systems that thrive in the face of adversity.

Dr. Ankita Singh
Chief People Officer and Board of Director
at CIGNEX and Relevance Lab

The Catalyst for Change in HR Practices

Dr. Ankita Singh's foray into Human Resources was not merely a career choice but a mission. Transitioning from an engineering background to HR, she brought a unique perspective to the discipline, one that balances analytical rigor with emotional intelligence. This synthesis of technical expertise and empathy has allowed her to pioneer practices that are as innovative as they are inclusive. At the heart of her philosophy is a simple yet powerful belief: "Empowered people create empowered organizations."

In her dual roles as Founder of the HR Association of India and as a leader across multiple companies, Dr. Ankita Singh exemplifies transformative leadership. Her unwavering dedication and commitment to excellence shape organizational cultures and talent management practices. As a champion of diversity, inclusion, and collaboration, Dr. Singh's legacy continues to inspire generations, leaving an indelible mark on the business landscape and society as a whole.

Leading Through Crisis: A Masterclass in Agility

The COVID-19 pandemic tested the mettle of leaders worldwide, and Dr. Singh's response was nothing short of exemplary. While many organizations struggled to adapt to remote work and uncertain market conditions, her proactive measures ensured that CIGNEX not only survived but thrived. Her approach to crisis management combined clear communication, strategic foresight, and an unwavering focus on employee well-being.

By implementing robust remote working policies and digital transformation initiatives, she safeguarded productivity while prioritizing mental health. Her leadership during this turbulent period earned her accolades and cemented her reputation as a leader who can turn challenges into opportunities.

Championing Sustainability and Innovation

One of Dr. Ankita Singh's most remarkable contributions is her ability to align corporate objectives with broader societal goals. Her work in establishing the HR Association of India (HRAI) demonstrates her dedication to fostering collaboration and innovation within the HR community. By creating a platform for knowledge sharing and professional growth, she has elevated the industry's standards and inspired countless professionals to think beyond traditional boundaries.

In addition to her industry contributions, Dr. Singh is a staunch advocate for sustainable business practices. From promoting eco-friendly office initiatives to integrating sustainability into organizational strategies, she ensures that the organization stays ahead of the curve in addressing global challenges. Her efforts reflect her belief that businesses can drive meaningful change without compromising profitability.

Shaping the Future of Leadership

Dr. Singh's impact extends far beyond her immediate role. As a mentor and thought leader, she is committed to grooming the next generation of leaders. Her emphasis on "building second lines of command" ensures that organizations are prepared for long-term success. By encouraging her mentees to lead with purpose and authenticity, she is shaping a new wave of leadership that values inclusivity and innovation.

Her achievements, including recognition as one of Asia's 100 Power Women Leaders and the recipient of the "Power Woman Leader of the Year 2023" award, are a testament to her influence. Yet, it is her passion for empowering others and creating lasting impact that truly defines her legacy.

Lessons from Her Journey

Dr. Ankita Singh's story offers invaluable lessons for today's business leaders:

1. Adaptability Is Key: By embracing change and encouraging innovation, organizations can turn challenges into opportunities.

2. People-Centric Leadership: Empowering individuals fosters loyalty, creativity, and resilience within teams.

3. Sustainability Matters: Integrating sustainable practices into business strategies ensures long-term success and societal impact.

4. Mentorship Multiplies Impact: Grooming future leaders creates a ripple effect that benefits organizations and industries alike.

As businesses navigate an increasingly complex and unpredictable landscape, leaders like Dr. Ankita Singh serve as examples of what is possible. Her journey is a powerful reminder that true leadership is not about authority or accolades but about building bridges, fostering resilience, and driving meaningful change.

CINEMA

The 2025 Slate

The Indian film industry is hoping that 2025 will mark the return of big-budget blockbusters

BY **KRISHNA GOPALAN**

THERE IS A sense of quiet optimism in the Indian film industries about 2025. And it's not hard to see why. If 2024 was marked by the relative absence of big-budget movies, especially the three Khans (Shah Rukh, Salman, and Aamir), at the box office, 2025 is set to change that.

Looking back, Sanjay Mehta, Delhi-based distributor and proprietor of Bobby Enterprises, says 2024 was a "content-driven year," citing the success of *Bhool Bhulaiyaa 3*, which made a little over ₹400 crore globally with over ₹260 crore from India. "Plus, we had the big-budget *Indian 2* bombing. All that made 2024 very interesting and different." There were notable successes, of course, like *Pushpa: The Rule*, *Kalki 2898 AD*, *Stree 2*, *Singham Again*, and *Bramayugam*.

THEATRICAL PERFORMANCE IS VERY IMPORTANT, AS OTT PLATFORMS LOOK AT THAT BEFORE ACQUIRING MOVIES

SCREEN GRAB

- **BOLLYWOOD SAW NO RELEASES BY ITS TOP STARS, INCLUDING THE THREE KHANS, IN 2024. THAT IS SET TO CHANGE**
- **PROMINENT HOLLYWOOD RELEASES IN 2025 INCLUDE *MISSION: IMPOSSIBLE–THE FINAL RECKONING*, *AVATAR: FIRE AND ASH*, AND *MICHAEL***
- **THE BOLLYWOOD STABLE WILL HAVE *WAR 2*, *SIKANDAR*, *EMERGENCY*, *SKY FORCE*, AND *HOUSEFULL 5***
- **FROM THE TAMIL FILM INDUSTRY, THE MOST AWAITED FILM IS MANI RATNAM'S *THUG LIFE* STARRING KAMAL HASSAN**
- **THE TREND OF SOUTH FILMS, ESPECIALLY TELUGU, GOING PAN-INDIA IS EXPECTED TO CONTINUE**

Devang Sampat, MD of Cinépolis India, a prominent player in the exhibition business with 450 screens, says around 1,200 films are released each year nationally. Of these, at least 50 need to be blockbusters for the business to make sense. "For 2025, there are potentially 100 that could become really big. The question is which 50 from that list will make it."

As an exhibitor, Sampat sees an opportunity across languages, including English. "From a Hollywood perspective, 2025 will be the biggest year since the pandemic, with the big ones like *Mission: Impossible–The Final Reckoning* and *Avatar: Fire and Ash*. The film on Michael Jackson (*Michael*) is likely to generate a lot of interest in India."

One film industry, though, continued to find favour among Indian moviegoers: Telugu. "They come with high-quality production and do very well in markets like Uttar Pradesh and Bihar. The Hindi film industry will fire in 2025," says Mehta. Among the big releases slated for the year are *War 2*, *Sikandar*, *Emergency*, *Sky Force*, and *Housefull 5*.

But there are concerns related to big-budget movies that need urgent attention. The prominent of those is the high star costs, which is most stark in Hindi, Tamil, and Telugu. If the male lead gets at least ₹100 crore (for the A-listers, that number is easily twice as much), it places the project at a higher risk in terms of recovering costs. "Star fee has to be corrected when it is apparent that OTT platforms and television will be around. It is a good time to get a move on that," says Sanjay Wadhwa, Founder of AP International Group, a Chennai-based distributor.

This is especially true for the Tamil film industry, Wadhwa says. "Cost rationalisation" is of vital importance, he says, calling for a fresh look at the business model. "We are very optimistic about *Thug Life* (a Mani Ratnam film with Kamal Hassan in the lead) in 2025."

Though films in India release in multiple languages, the landscape is still dominated by Hindi, Telugu, and Tamil. "Hollywood is definitely getting bigger but is still a limited market. It offers no sensibility when it comes to a large chunk of the Indian audience," reasons Mehta.

Will 2025 change that? Vivek Krishnani, President and CEO of MovieVerse Studios (an IN10 Media Group company) and promoted by Anand Mahindra and Aditya Pittie, picks out the "texture of content" as a big change. "It will now appeal more to the masses that come to the theatres," he says.

In fact, theatrical performance is now doubly important, as OTT platforms, too, look at those numbers closely before deciding on acquiring movies, Krishnani says. "That means writers and content creators must make films to get in the audience. There will be experimentation with low-budget films that are high on content to appeal to both multiplex and single-screen audiences."

What has stood out over the past few years is the fact that pan-Indian films are still defined as movies from the South making it big in the rest of the country. "A primary reason is that stories from the South are rooted in culture and heroes that audiences can identify with. We have not seen one Hindi film connect with audiences in the South to become pan-India," says Krishnani.

Without a doubt, the emphasis on good content is expected to continue, as it has proven that it can generate higher interest levels among audiences. Cinépolis' Sampat sees the desire for better content as evidence of the emergence of the mature Indian filmgoer, who is language-neutral. That trend is here to stay, he says. "We have seen how Malayalam cinema has easily made the crossover to audiences outside Kerala or dubbed Hollywood content making commercial sense. We need to build on such trends to get the best out of the film industry," he sums up. BT

@krishnagopalan

Q&A

"Outlook for India is very positive"

Paul Uren, Head of Investment Banking (Asia-Pacific), J. P. Morgan, on M&A activity, the environment of investment banking market in India, and more

BY **KRISHNA GOPALAN**

FOR PAUL UREN, *Head of Investment Banking (Asia-Pacific) at J.P. Morgan, India is a strategic opportunity. In an interview with* Business Today, *Uren says a lot of time is being spent to understand that, along with taking a long-term approach. He also speaks about the broad-based nature of M&A activity across sectors in India. Edited excerpts:*

PHOTO BY **MILIND SHELTE**

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What do you like about what you're seeing in India from an M&A perspective?

The level of M&A activity is the first thing. There's a real desire on the part of corporate clients to transact, and on the part of private equity clients. We're seeing a lot of activity across sectors and deal completion rates are high, with buyers and sellers able to agree to terms.

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A lot has been said about India in terms of a special place in the APAC region or just the kind of money that's being raised. Also, on inbound or outbound activity, one has seen a surge in the ticket size. How do you explain this?

We have always believed the investment banking market would continue to grow in India, but it's probably developed at a quicker pace because of a number of factors. First, the government has been very supportive of the continued growth of the economy. Investments are being made into infrastructure, there's an expansion of the middle class, and the continued attractiveness of India's GDP growth (both on an absolute and a relative basis). I also want to highlight the continued development of the public equity markets.

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Would you believe that M&A activity across sectors has been encouraging?

Yes. The pick-up has been broad-based. While healthcare and tech services have dominated for a while, you're now seeing more companies from a wider range of industries—like energy transition—looking at opportunities to grow.

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Let's flip that. Are there any sectors where the level of activity has come as a surprise?

There's not one particular sector I would call out. Globally, there are three big themes driving markets from a long-term secular point of view. One is de-globalisation, which India is clearly a beneficiary of, particularly as supply chains get realigned. The second is decarbonisation, where there's been a lot happening around energy transition and a lot of capital coming in. The third is digitisation, and India has always been a leader in tech and digital services. India will continue to benefit from these themes.

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Apart from government support, have any other factors helped?

It takes more than capital to make successful investing work. It requires talented management teams, and fortunately there is an enormous pool of world-class management talent in India.

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A lot has been said about technological disruption and how it has had an impact on valuations. What is your view?

It comes down to the quality of the business model, quality of management teams, and growth. For many investors globally, it's very difficult to find markets that offer long-term sustainable growth.

India has become one of the most attractive and one of the most important IPO markets because of that long-term sustainable growth. It's easy to look at valuation multiples one year forward and say, this looks expensive, but when you look at it three or four or five years forward, as most investors are doing, then these companies grow into their valuation multiples fairly quickly.

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Are there any areas of concern for growth?

The geopolitical environment is a challenge and I think that will remain, making it difficult to complete cross-border deals. The other is regulatory environment around antitrust.

"OUTBOUND M&A IS NOT GOING TO BE HAMPERED [IN INDIA] AND THERE IS ALSO A LOT OF FOREIGN CAPITAL THAT WANTS ACCESS TO THE MARKET"

For India, it's really deal specific. Outbound M&A is not going to be hampered and there is also a lot of foreign capital that wants access to the market. We have been involved in a number of transactions where large corporations outside India are looking to make meaningful investments into Indian companies.

When corporates pursue M&A, they want to do it with a high degree of confidence that the transaction will get to the finish line. Companies don't want to go through a regulatory approval process that will go on for 1-2 years. We have now seen, even between the US and Europe, it's taking a long time to get transactions approved.

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There's been a lot of talk on large-scale listings in India. What is your view?

The emergence of large-scale listings is really very exciting for the continued development of the Indian capital markets. Obviously, there are a number of multinationals that have built very large Indian businesses. Those businesses are very attractive in their own right, and in many cases, that value may not be reflected in the value of the listed parent. So, there's a great opportunity for companies to take their Indian business public, where they will be more appropriately valued.

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For your organisation, what is the outlook in India for the next 4 or 5 years?

The outlook for India is very positive for J. P. Morgan, both for the broader business and also for investment banking. Today Japan is the largest investment banking market in the Asia-Pacific region and there is no reason why India can't challenge that in the next 5 years. BT

@krishnagopalan

At 59, Challa Sreenivasulu Setty, the Chairman of State Bank of India, shoulders the responsibility of shaping the future of India's largest bank. In this exclusive interview with *Business Today's* *Siddharth Zarabi,* the 27th chairman of the storied lender, who took charge in August 2024, delves into his vision for steering the institution into its next phase of growth, his strategy on building the loan portfolio while maintaining asset quality at a time when credit growth has been lagging deposits, the credit markets and the investment appetite of India Inc., the stress in pockets like unsecured credit, and how his life been since moving into the corner office at State Bank of India. Edited excerpts:

C-SUITE SPOTLIGHT

"STEERING SBI INTO THE FUTURE"

C.S. Setty, Chairman of the State Bank of India, talks about his plans for the bank, the strategy for the future, and technology, among other things

PHOTOS BY **MILIND SHELTE**

Q: What have been your priorities since you took over as chairman?

A: I have spent over 36 years at SBI, but being the Chairman of the largest institution in financial services is a great honour and also a greater responsibility. It's a mix of continuity and change for me in the sense that I've been a part of this board for the last four years, which means that many things we collectively have been doing as management, some of these initiatives will continue in terms of digitalisation, increased focus on financial inclusion, SMEs... Additionally I would like to build on our network, on the digital capabilities that we invested in and bring consistency in our performance and increase the productivity of both digital and brand channels, and more importantly, create a resilience in our operations... To get this idea of consistency, productivity and resilience across the bank, I, along with four MDs, have initiated the largest staff outreach programme ever attempted at SBI. Physically, we are going to our zonal offices and meeting very critical components of our machinery, that is managers [of our] 22,500 branches. We have more than 500 regional offices, more than 100 zonal offices, 17 local aid offices, [and] we are trying to meet everyone and convey the same theme on consistency, productivity, and resilience.

Q: It almost sounds like you have been on a *padyatra*...

A: Except that we are not going by foot. This is important because many a time people ask me that the bank is in a good shape, is the highest profit-making bank in the country, in fact, it is the highest profit-making company in the country, so what is the inflection point we are looking for? This outreach programme, in my view, [can] appropriately [be called] as the next leap. This outreach programme is aimed at getting feedback from the ground about what else we need to do as a bank, both in terms of serving our customers better and creating value for our stakeholders, whether they are shareholders, employees, or government regulators.

Q: What is the strategy behind strengthening the physical presence as well as the digital part of your business?

A: We have currently about 500 million customers. And hugely diversified customers as a reflection of Indian diversity. We have high networth individuals in our customer base and also zero-balance account holders... This diversified customer base needs to be served both physically and digitally. And our physical presence is unparalleled, with around 22,500 branches... But we have also done an extensive market study and found that there are certain gaps... the newly developed townships where everyone wants to have an SBI branch. So, we are looking at a potential business opportunity in these areas.

Q: Does the Indian customer behave uniquely in the sense that he wants a physical presence, as well as have access to online payments and digital technology?

A: It is not restricted to financial services alone. Digital native companies like Amazon, Flipkart... would also like to have a physical presence. But what we want to do at the branch will probably change as we go forward... It may not be purely transaction-oriented. Today, at SBI, 97% of the transactions happen outside the branches... But even the 3-4% of the transaction volume translates to good footfalls at the branch. Two, we also want to use the branch network for quality value-added services to be delivered. They can be a

platform for (say) wealth advisory (services), home loans... I think the physical and digital will coexist in India. And we are trying to ensure that we don't miss out on that.

Q: The chairman of one of india's largest private sector banks recently told me that technology is the new arms race when it comes to banking and financial services. Do you agree with this? What is the technology focus that you have?

A: I think technology is going to be central to everybody's agenda... Banks, I think, adopted technology much earlier than many of the other industries. Core banking itself is almost 25-30 years old... At SBI, we have been one of the pioneers in terms of technology adoption, both for branch banking as well as digital banking. What is the next step? The point I mentioned about resilience; it is important that while we create the digital channels or alternate channels, the availability of the channel 24/7 is very important. This means we need to create resilience in our digital channels... this is what we are focussing on. YONO 2.0 is all about increasing the capability of this app to handle growing volumes. Today, if you take away the financial inclusion customers, the Jan Dhan accounts, zero-balance accounts, we have around 30 crore-plus (300-million-plus) customers who are non-financial inclusion customers, but we have just about 8 crore (80 million) customers on our YONO app. We want to bring as many people as possible, both from the financial inclusion side as well as non-financial inclusion side to the app.

Q: What kind of size and shape do you see YONO 2.0 taking a few years from now? What is the long-term shape that it will take eventually?

A: YONO 1.0 was revolutionary when we launched it... It's not a pure banking app. Today, we sell many of the non-banking products also... insurance, mutual funds, credit cards... And additionally, we've created a marketplace... it's a combination of marketplace, banking, and non-banking financial services... but a lot of people have caught up. What we are trying to do in YONO 2.0, is it was [earlier] essentially a mobile offering... But we also have a large platform in terms of branch channel. We have a large platform in terms of internet banking... And we have a large number of feet on street, people who source applications for us. So, [what] we are trying to do with YONO 2.0 is not only about mobile... We are re-imagining our brand journeys, how feet on street will work, how contact centres will work and more importantly how internet banking works with a common goal. That means if you start a journey with the brands and you have some work to go to office and you want to complete the rest of the journey on the go, you can start where you left off. Today it's not possible because they are all silos.

Q: As the head of the country's largest banking institution, what is your assessment of the credit markets, and the investment appetite of India Inc.?

A: I think we have witnessed good credit growth post-Covid... also because there was pent-up demand. It is also a fact that much of that credit growth had come from the retail personal [space], whether unsecured personal loans or home loans. Home loans is a very important category of growth. What we also witnessed is that two important segments are growing—MSME and agriculture. We have witnessed almost 16-17% credit growth rate in these two sectors. It is also possible that while the demand was always there, the ability of the banks to look at these customers from a different lens [wasn't]. Because digital data is available [now], the ecosystem provides many enablers like [credit] bureau data, GST data, our own account data, which we are able to combine and assess these customers in a better manner today.

"To get this idea of consistency, productivity and resilience across, we have initiated the largest staff outreach programme ever attempted at SBI"

Corporate credit has been stagnating for the last three to four years... But private investment obviously is happening only in certain sectors. The core sectors like steel and cement, despite having capacity utilisation of 70-75%, are not witnessing new investments

"We have witnessed two important segments—MSME and agriculture—growing. Almost 16-17% credit growth rate is seen in these two sectors"

coming in. I think it has more to do with the external markets. They're not very sure how the export markets are going to behave... In my view, 70-75% capacity utilisation generally triggers capital expenditure movement, where they have to add new capacity. That's been stagnant for almost two years...

Q: What needs to be done to help revive demand?

A: I think all the enablers are in place in terms of the infrastructure, taxation... What is important for the private investment to kick in is in terms of the demand... We have been, of course, talking to the government that till private investment kicks in, the heavy lifting has to be done by the Government of India... till the demand picks up... [there are] a couple of other reasons also, if you see the first two quarters; we have had elections in one quarter, another quarter saw heavy rains... We may or may not have felt the effects directly, but they definitely slowed down investments, particularly on the government side... And Q3, Q4 onwards, probably government expenditure will accelerate and create demand in the rural and urban areas. We are confident that rural will do better because heavy rains in the kharif season has added to the reservoir levels. This is a good crop... and good rural demand will have a significant effect on the overall consumption pattern.

Q: There has been a flight of capital to the stock markets, and deposits have been lagging credit. How do you view this? Has the situation stabilised now?

A: The latest numbers indicate that deposits growth has overtaken credit growth, which means that equilibrium is being achieved now. It will stabilise at around 11-12% both on the deposits and advances side. As far as savers to investors, I think it is a debate that has been active in various fora... It is not only about investment in equity market... the flight of money from savings account to fixed deposit is also there. So, ease of doing investment and investment awareness [are factors]. Obviously, mutual funds have also contributed in terms of creating this investment culture. But eventu-

ally as they progress, there will be better asset allocation, which means that the deposits continue to be a critical component of the investment basket. I think all investment advisors tell everyone that you cannot put everything in equities. You have to have a basket... and deposits will continue to be an important part in the investment basket of any individual.

Q: What is your take on the broader retail credit story given the stress that has been seen in unsecured credit, that has also attracted regulatory attention?

A: Post-Covid retail credit growth has been significant. Even before Covid-19, most lenders consciously moved to retail, which means that retail credit growth rates have been more than what the system anticipated. Retail credit has three, four components... home loans is the biggest component of retail credit... The good news is that in the overall system, the retail unsecured personal loan cost is just about 10%. And if you take only retail credit, it's just about one-third of that. It's predominantly home loans, which create good capital assets. And also, a lot of these home loan customers are first-time homebuyers... 95% of the borrowers [on our books] are first-time homebuyers.

Q: We have seen GDP growth falling to a seven-quarter low... from your vantage point, what do you see happening on the economic growth front?

A: I think the growth of India should be seen in the global context. The IMF estimate for global growth rate is about 3.2%, whereas we've been expecting around 7% growth rate for India. The last two quarters have definitely impacted growth. But one quarter decline, I think we should not be really worried about. This country and economy have got greater potential... Our estimate is growth rate of around 6.5% is still a possible scenario for the full year. This is not a bad situation for us. This growth is also driven by consumption, which is expected to come from the rural areas, and government expenditure will probably spur the demand further.

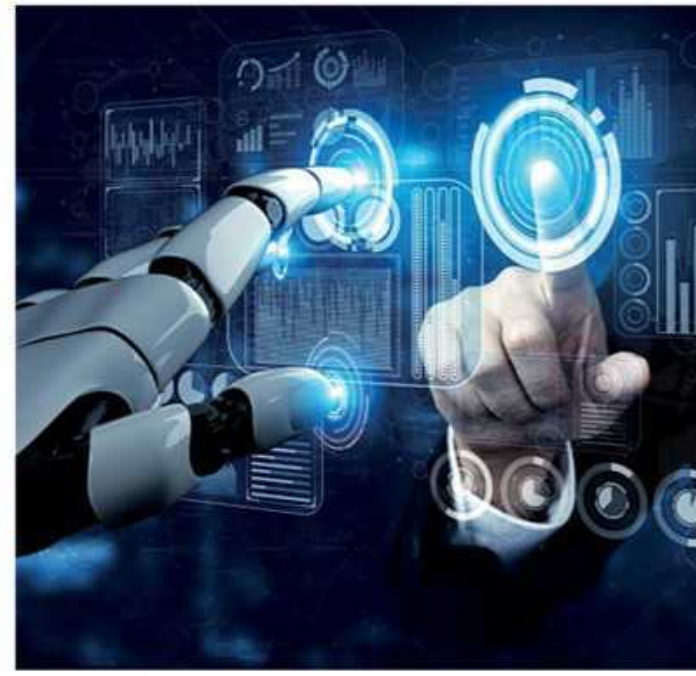
Q: What do you think of the cost of capital which hasn't gone down? Is it time for the mandarins of the MPC to consider it?

A: I think this demand for rate cut has been there for quite some time, but I think RBI and MPC are definitely weighing the inflationary situation, particularly on the food inflation side. Once it slightly moderates, I think they will be able to take a call on that.

Q: How has life been for you since you moved into the corner office?

A: It has been a very enriching experience. In fact, it's more than the responsibility. I think the diversity of areas which we look at and considering that this bank touches everybody's life in India, directly or indirectly. Every day is a new day in terms of the life of the SBI Chairman. That's what I believe. It has been good, challenging but extremely enriching. BT

@szarabi



A PEEK INTO THE FUTURE

INDIA IN 2025 AND BEYOND: TRENDS TO WATCH OUT FOR

HOW IS DISRUPTION *defined? If one goes by the lexicon, it is any major disturbance that upsets the status quo. In the modern world, it is a lot more complex, with technological innovation at the core of it. The impact of tech (digital is a word more commonly used for it) is there for all to see as it relentlessly alters the business landscape.*

Take the case of telecommunications, where cheap data and a more robust 4G technology led to a mobile handset landing in the hands of more consumers. Today, with a smartphone, one can make and receive payments, watch a film and even produce one—and also make calls. Look at modern day consumption, where quick commerce is already the norm for many Indians. Quietly, each of us has succumbed to disruption without a fuss. After all, it has helped in better time management with a certain ease of doing things. Look around and it is impossible to find one industry untouched by modern day digital technology. BT

—Krishna Gopalan

THE WORLD IN 2030

The policy implications are that India would have to maintain a strong link to a re-industrialising US but find a way to use Chinese capital and inputs

BY **SANJEEV SANYAL,** MEMBER, ECONOMIC ADVISORY COUNCIL TO THE PRIME MINISTER

AS WE TURN into the year 2025, we will be approaching the mid-point of the decade, and it is time to take a broader view of the world. The events of the first half of the decade were dominated by the Covid-19 pandemic and the economic and political aftermath. It also witnessed several important shifts in the technological and geopolitical spaces, many of which were in the making in the previous decades but came to fruition in recent years: The rise of China as a full-fledged global power and the spread of higher-order digital technologies such as artificial intelligence (AI).

Some changes since the beginning of this decade have been so all-encompassing that many of us forget how recently they took place. The use of Zoom and similar video-conferencing platforms is now ubiquitous, but it was only during the Covid lockdown in 2020 that most people became fully comfortable with the daily use of videoconferencing. Similarly, in India at least, we witnessed a dramatic shift to digital payments. Many younger readers of this column will probably have little use for cash other than the token "emergency money" in their wallet.

So, what could we see in the second half of the decade? As they say, forecasting is difficult, especially when it comes to the future. At the risk of being mocked five years hence, here are some likely scenarios for 2030:

First, China will have bypassed the US by 2030 to become the world's largest economy in nominal dollar terms (it is already the largest in purchasing power parity terms). India will be a distant third but still the fastest-growing major economy. However, despite the loss of economic preeminence, the US dollar will remain the world's anchor currency. Anchor currencies often outlive the dominance of their home country—Roman, Spanish, and British money continued to enjoy widespread usage decades after their empire had been superseded by others. The British pound, for instance, remained the world's most important reserve currency into the 1950s even though the British economy had lost its dominance by the time of the First World War.

Second, having reached the number one spot, China will be struggling to maintain domestic growth by 2030. The demographic decline of China will be taking a larger bite by this point. Any attempt to reverse it, even if successful, would only pull out childbearing-age women from an already shrinking workforce.

Meanwhile, Chinese policymakers will discover the limits of mercantilism. A dominant, export-driven economy cannot keep growing faster than the overall world economy even if there were no barriers put up by trading partners. My guess, and it is only a guess, is that the Chinese will end up dumping capital on the global financial system in an attempt to shore up demand for its overproduction and to give itself financial leverage abroad. A current account surplus having to be balanced by sustained capital outflow. The problem is that a currency cannot become a global anchor currency unless it derives from a systematic current account deficit—the large US dollar-denominated reserves of various countries (including China and India) were made possible by the US running twin deficits on fiscal and current accounts. After all, a currency is the liability of the issuing central bank, and a world currency comes into widespread use precisely because the issuing country is willing to run a deficit.

In theory, the Chinese Yuan (CNY) can be supplied to the world through capital flows, but supplying large quantities of CNY to the world purely through capital flows would require a willingness of the Chinese authorities to overlook frequent defaults by recipients (they have already faced this). In the end, the Chinese would have to consider a very differ-

ILLUSTRATION BY **RAJ VERMA**

ent policy strategy if they wish to sustain growth past 2030.

Third, a messy network of alternative supply chains will have emerged by 2030 to take on Chinese dominance in many sectors. This is unlikely to be a neat Cold War-type parallel system but one where a combination of national strategies, trade pacts, geopolitical alliances, and specialised clusters will compete with a more Chinese-dominated one.

Nevertheless, both systems will be interacting with each other in an arena of shifting dynamics. Indeed, Chinese capital may well end up financing the alternative systems. This financing of rivals is not as unusual as it may seem at first sight—it was nineteenth-century British capital that financed German and American industrialisation, while Japanese and American capital financed the industrialisation of China from the late 20th century. India will have to figure out how to insert itself into this messy world and take advantage of the opportunities. This would include devising a framework for absorbing Chinese capital without compromising national security concerns.

Fourth, a combination of domestic policy reforms, late-stage mercantilism, and geopolitical alliances may allow the US to recapture its industrial dynamism in at least a few areas by 2030. For all its many flaws, American society still retains a level of flexibility that is rare in developed countries (contrast with Japan or Europe). However, this partial revival will only be made possible through economic trade-offs that are inherent to all forms of industrial policy. Let us say the Trump administration is successful in reigniting certain manufacturing sectors and making the US globally competitive in those products. This would suck in resources and workers from other areas at the same time that immigration is also being squeezed. In other words, a return of US industrial dynamism in some areas would only be possible if other things are sacrificed or outsourced. India is a potential beneficiary of such outsourcing or friend-shoring.

Contrary to popular belief that technologies always hurt the less skilled and help the more skilled, AI tilts the balance in favour of the less skilled

Fifth, by 2030, the socioeconomic impact of AI will be visible in many fields. This is not necessarily a thing to be feared if adopted and absorbed wisely. Contrary to popular belief that technologies always hurt the less skilled and help the more skilled, AI actually tilts the balance in favour of the less skilled. A person of modest education can now do things that earlier required specialised knowledge, such as drawing up a contract or making a presentation. Indeed, the ease of translation would make the flow of information radically smoother in a country like India. Whip out the phone, point it at some text, and listen to the translation in your language of choice. If the meaning is still unclear, ask the system to explain it in plain terms. Imagine the ease that an average Indian would suddenly enjoy, especially when it comes to understanding government rules and regulations, doing taxes, and so on.

Finally, the battle for global narratives and markets will have moved from media or even social media to the control of data that drives the default responses of popular AI applications. The importance of data is increasingly understood, but by 2030, there will be many competing information sets. In turn, this will mean that attention will have to be paid to the gateways that give "credibility" and "legitimacy" to the information being used by these models. These gateways range from international agencies, national governments, reputed consultancies, chartered accountants, academic institutions, and so on. Global power will be exercised by those who have the authority to generate and certify different kinds of data, standards, norms, and so on. So far, this power still rests in the North Atlantic. By controlling its internal information systems, China protects itself from the exercise of this external power but sacrifices its ability to certify the rest of the world. In contrast, India participates in the global certification game but on the terms created by the North Atlantic. As its economy grows, India should seek greater clout in the global certification arena.

The above scenarios are no more than a guess based on current information. A complex world can flow down many unpredictable paths by 2030. Nonetheless, the policy implications over a large range of possibilities are that India would have to navigate between seemingly contrary pulls and pressures: maintain a strong link to a re-industrialising US but find a way to use Chinese capital and inputs to upgrade economic capability; introduce its low-skill workers to the latest tools in AI; and rather than "protect" itself like China in the global certification game, India should aim to be a major player. BT

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HOW TO ADAPT TO EXTREME HEAT

India is vulnerable to extreme heat and yet unprepared. But various initiatives provide a glimpse of what is possible when collaboration and ingenuity come together

BY **TARUN KHANNA**

PROFESSOR, HARVARD BUSINESS SCHOOL; FACULTY DIRECTOR, HARVARD'S MITTAL INSTITUTE FOR SOUTH ASIA

VIRTUALLY EVERYONE AGREES that the world is going to blow past its Paris Accord commitments regarding Greenhouse Gas Emissions (GHG). Most accept that world temperatures will rise more than 1.5° C above pre-industrial levels, and possibly much worse. More extreme weather will result, more often. Whether it is heat in Paris or New Delhi, or floods in Valencia or Karachi, climate change is hitting *everyone*.

In this maelstrom, most funding is going towards climate mitigation—that is, preventing the worsening of climate change, primarily through arresting how much carbon we continue to spew into the atmosphere. While the world learns to live within its limited remaining carbon-budget, we also have to invest in climate adaptation, learning to live with the extreme weather that is already here.

An article in *The Economist* a couple of years ago provided some ballpark numbers. Adaptation is clearly the stepchild of climate change response. The developing world is spending less than 20% of the $140-300 billion it needs to spend annually on adaptation; other estimates say it's as little as 5%. Rich countries reluctantly committed at COP to fund a Loss & Damages fund for the poorer countries. Even the insufficient annual $100 billion funds agreed to then have not been forthcoming, let alone more recent inflated promises. Nor is the private sector stepping up without line-of-sight to more proximate returns, providing less than 2% of climate adaptation funding. The policy conditions needed to crowd-in the private sector have to be created. Those reluctant to fund adaptation worry that doing so will reduce the urgency to mitigate.

I will illustrate by focussing on adaptation to extreme heat. Catastrophic floods attract more media attention, but heat is omnipresent and probably causes greater excess morbidity and mortality. Since the body cannot cool through perspiration in humid environments, we also have to factor in humidity by examining so-called wet bulb temperature

PHOTO BY **HARDIK CHHABRA**

readings. Sustained exposure to wet bulb temperature readings, even quite a bit below 'normal' body temperature of 37° C, can cause excess heat retention, and ultimately organ damage.

This manifests not just in acute events like heat stroke, but in a chronic and gradual sapping of human possibility with huge economic and social costs. The ILO estimated $2.4 trillion in GDP losses in 2019, and reports that today 70% of the global workforce is exposed to heat at work.

Sadly, large swathes of the Indo-Gangetic plains endure extended periods when such heat stress is likely visited upon millions of Indians. Even with the advent of welcome cooling from the monsoon, often wet bulb temperatures remain high enough that heat stress isn't easily alleviated even then.

Given the ubiquity and likely increasing severity of the heat problem, and the lack of easily accessed funding, I suggest a three-part approach to understand the progress we've made in India, and the distance left to go, in addressing it—awareness, information, and experimentation. Here, I'll confine myself to illustrating what I mean by each of these elements.

Awareness: Heat has entered the policy lexicon. The National Action Plan on Climate Change of the Ministry of Environment, Forest and Climate Change will surely address it. Several Indian cities are announcing Heat Action Plans. But societal awareness is as yet work-in-progress. A year ago, the National Foundation for India in Delhi led a team, including some researchers at Harvard's Mittal Institute, to create a 'musical video short' explaining the consequences of heat stress after sustained heat waves swept the northern Indian plains in the summer of 2023. It's catchy, almost amusing, and replete with colour and panache. It fires the imagination. This is the kind of thing we need as much as speeches, opinion pieces (including this

one!), and bureaucratic meetings.

Since the climate insouciance of my generation will be visited upon our children's, and theirs, I feel it is imperative to bring in awareness in schools. The government's Atal Innovation Mission's Atal Tinkering Labs—10,000 in high schools across the length and breadth of India—provide a hands-on, popular, and fun science-based setting within which kids' heat awareness can be enhanced.

And if one wants awareness to spread among the less-included segments of society, is it feasible to solicit the assistance of our amazing, albeit overworked, ASHA health workers, and other grass-roots organisations, to spread literacy about taking the damaging effect of heat on the body seriously?

Information: We are, of course, inundated by data. But data isn't the same as information. We need the latter to be useful and actionable. For example, early warning systems and adaptation plans are much more useful if these can capture, not just aggregates, but also how ambient heat is affecting individuals. As my colleague, Dr Satchit Balsari at Harvard Medical School put it to us, "Saying 1.5° C excess temperature today is like asking a physician on morning rounds: How is the entire hospital feeling today? It's an unhelpful number that does not communicate the reality of billions of people most at risk."

A large-scale research project that I co-lead at Harvard, with climate scientists and medical doctors, done collaboratively with the redoubtable women's trade union, SEWA, made the absence of relevant information blindingly clear, so I'll use it as an illustration. In our project, we wanted to understand the effect of heat stress on some of the most vulnerable members of society—informal workers represent as much as 90% of the workforce of most developing countries. SEWA members agreed to a long-term plan to work with us. SEWA women are involved in agriculture, home-based informal work, salt pan tending, bangle making, running *kirana* stores, you name it, providing variation in setting.

Even with seemingly-ubiquitous data sources, the requisite information is entirely missing. Consider now commonplace satellite data. But satellite imagery has insufficient resolution for our purposes—generally available at 100-1,000 m, but not at individual human scales. In our study, we want conditions under a roof or just above ground, but satellites sense upper-most solid surfaces. And satellite data is usually available once daily, we need 24/7 data streams to understand how heat affects the body.

So, over the past several months, our team has built an infrastructure to measure individual exposure to heat, long-term (over 365 days), 24/7 measurements (that is, in the home and outside it) along with a range of measures of body function.

Our large-scale data collection has now ensued. Pilot studies already show, for example, that despite nighttime summer temperatures cooling to say 27° C, indoor temperatures remain high due to various microclimatic determinants (ventilation, construction materials, thermal lag), which means that SEWA women are out in the heat during the day and come back to heat all night. One hopes that, with better information comes better ability to design systems to mitigate effects of always-on heat. This sort of understanding is especially relevant in rapidly growing economies like India; the Ministry of Power estimates that 40% of the building stock that will exist two decades from now is yet to be built.

As another illustration of available data that needs some work to translate into usable information,

GIVEN THE UNPREDICTABLE NATURE OF CLIMATE DISASTERS, SOCIETY HAS TO CREATE A CAPABILITY TO RESPOND QUICKLY

consider the myriad policies and schemes of the central and state governments. In workshops in which Mittal Institute researchers participated with colleagues at the All India Disaster Mitigation Institute, it became clear that particular problems of adaptation to heat could be addressed by pre-existing central and state government schemes, even though the latter were not always thought of in the context of heat. That's useful information for someone looking for resources to get a heat adaptation plan up and running.

Experimentation: With awareness and information, at least some of the preconditions exist for rampant experimentation to ensue. Why do I focus on experimenting? Because none of us remotely have all the answers. With wet bulb temperatures scaling new and scary heights, and persisting longer, we are in uncharted waters. Here, I'll confine myself to point to a couple of experiments that I already see running in India or elsewhere that seem to me to be worth enhancing and emulating.

Cities all over the world are appointing so-called Chief Heat Officers (nurtured by the Rockefeller Foundation spurred Chief Resilience Officers). These are individuals who report to a mayor or city council whose sole responsibility is preparing the city to deal not just with acute heat emergencies, but with ambient rise in temperatures. It requires short-term and longer term actions, along with all the diplomacy and politicking that goes with claiming resources to invest in public goods. It's early days. The CROs had mixed results, but then that's the nature of an experiment. As the work of Janaagraha in Bengaluru has taught us now, our city level governance frameworks are not the most robust, so crafting appropriate accountability mechanisms onto India's Heat Action Plans will likely take some work.

Given the somewhat unpredictable nature of all manner of climate disasters, society has to create a capability to respond quickly. In some instances, India has made remarkable strides. Cyclone warnings on the southeastern seaboard for instance have saved thousands of lives relative to a decade ago. But sometimes disasters strike much faster, including heat waves. Crisis Ready is one global non-profit that has worked in India, including helping figure out Covid response times, on many an occasion, as it has with California wildfires, floods in various places, and so on. That very-quick-response capability, digitally harnessing lots of local resources, is one we must nurture. Recently, the next-gen robotics and AI institute ARTPARK, at the Indian Institute of Science, has released software that helps model rapid response capability that will help with predicting heat wave incidence, as well as how disease patterns—for instance, dengue—will change as proximate heat patterns change.

Of course, experiments are easier to conceive on pre-existing platforms and, if successful, easier to scale. Large corporations can use their reach to catalyse such experiments, as can industry representative bodies. IndiaStack is a remarkable piece of digital infrastructure whose mapping to responding to climate change is already starting to be apparent.

India is vulnerable to the enormous challenge of extreme heat and yet unprepared. However, various initiatives and efforts provide a glimpse of what is possible when collaboration and ingenuity come together. We have to internalise that heat is not a disaster of the future—it is a crisis of the present. The year 2024 was the hottest on record, but it was only the hottest year *so far.* BT

Views are personal

THOSE RELUCTANT TO FUND ADAPTATION WORRY THAT DOING SO WILL REDUCE THE URGENCY TO MITIGATE CLIMATE CHANGE

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THE END OF AMERICAN FINANCIAL EXCEPTIONALISM

As the dollar cycle reverses and Asia's rise continues, Indian growth will accelerate

BY **HARSH GUPTA MADHUSUDAN,** FUND MANAGER, IONIC WEALTH BY ANGEL ONE

AMERICA LOOMS LARGE on the financial world. While in the realm of geopolitics and even geoeconomics, there is much talk about multipolarity—that is not the case for capital markets. America has half of the world's market capitalisation, even as it has a quarter of world GDP (and a sixth of world GDP when adjusted for cost of living.) All this for a population that is around 4% of the world.

India on the other hand has more than a sixth of global population, and only about 4% of the market cap. China with a similar population share and a much bigger economy, does only somewhat better even if one includes Hong Kong and takes out the redundancies. Europe is stagnating for now, and Japan is at best a value investor's playground, not a growth one.

Much of this exceptional American success can be attributed to it being a largely welcoming society with its now-famous melting pot, a great secure geography with massive natural resources, a mature if turbulent democracy and a system that broadly respects hard work and merit. Yet time and scale have been the real secrets of America.

Growth, peace, and the magic of compounding for generations allowed America to take the crown from its Anglo cousins in England and see off competitors from Russia to Germany to Japan.

But just like America today has almost as many people as Russia, Germany and Japan combined, both India and China have more than four times the number of people as America. Both India and China got modern administrative states with relative domestic peace less than eight decades ago. By then, America already had eight decades of growth after its Civil War starting off an already high per capita base.

China is ahead of India in overall development by two decades at most, but there are doubts about peaceful transfer of power in its communist autocracy, especially after the collective leadership model has been junked. India, while a young though robust democracy, is only now beginning to provide basics—electricity, drinking water, higher education, healthcare, expressways, metros—with still a long way to go.

The US on the other hand has mega-billionaires shooting for Mars and is heralding rapid developments in AI and quantum computing. Are others doomed to be digital-financial neo-colonies this time?

Not so fast. We must always be wary of conflating cyclical trends with structural ones. We will briefly explore both.

Part of American exceptionalism today is just the dollar being at a cyclical high against a basket of currencies and after adjusting for cost-of-living changes. The dollar has had three full cycles since the closing of the gold window by Nixon in 1971. The first one (dollar down, then up) lasted till 1985. The second one till 2002, and the third one—I am positing—till around 2025.

Focusing only on the half-cycles where the dollar appreciated, the first one was 1978 to 1985, which culminated in the Plaza Accord where Reagan cajoled the Europeans and Japanese to appreciate their currencies. The second one was from 1995 to 2002, when emerging markets, led by China, began growing fast. Both these up-cycles were for seven years or less. The third dollar up-cycle, if it ends in 2025, would have lasted 14 years (began in 2011)—twice as long.

The dollar then is already on borrowed time, but cyclically not structurally (which is the mistake many US perma-bears also make, in a mirror image of the perma-bulls). Shale, Covid, Ukraine, Artificial Intelligence—there were a bunch of reasons why this half cycle lasted much longer. And while the past rhymes and does not repeat (hence economics must rid itself of its phys-

ics envy and study history more), patterns matter.

More structurally, Trump's incoming team has already linked any easing on potential and existing tariffs to the Chinese appreciating the RMB (Mar-a-Lago accord, it is being called, with the nomenclature being unfortunate as Xi would not be seen as bending the knee.) While that is easier said than done, given Plaza's historiography with respect to the Japanese bubble and China's own internal dynamics, ultimately only that would be a sustainable solution.

Coming to India, it may be difficult to believe given the USD-INR headlines, but the rupee is at multi-decade broad real highs as per multiple indicators. Indian macro is rock solid, perhaps a tad conservative, and it moved on industrial-trade-manufacturing policy in Trump's first term and has since refined its policies further.

Under Modinomics, infrastructure investments have been emphasised while India skillfully manages the other great powers in its foreign policy. Finally, Indians are becoming more inter-linked, which leads to a more coherent civilisational state.

The last time the dollar depreciated (2002-11), the rupee in real terms appreciated around 60% against it. But then we had no inflation targeting; now we do. This time around, the rupee is likely to appreciate in nominal terms too—a possibility very few seem to entertain as many of the cyclical contra views on the dollar have been early (aka wrong, including mine.) A rupee that rises optically too would lead to even more foreign flows, on top of the domestic investor pool.

Moreover, Trump's leverage against India is relatively limited. Delhi, unlike Beijing, has given a near carte blanche to US Big Tech, which is what truly makes American companies "global" as opposed to just "Western". While Indian IT/GCCs also rely on US MNCs, there is no real alternative to India's deep and cheap talent pool.

Just like China kept parts of US Big Tech out but still dominates manufacturing exports, India's service exports dominance is not due to the largesse of any one power. On the other hand, software is where Indian talent and capital can rapidly scale up, given the size and growth of the Indian market if prioritised access is given.

In cost-of-living adjusted or PPP terms, the Chinese economy is already bigger than America's and India is more than half the latter's size. As the East rises, Asian currencies will also appreciate—structurally as well as cyclically.

China is already dominating the entire EV-solar supply chain, while Indian potential (with already the world's highest growth rate amongst major economies) should not be underplayed either. All emerging and frontier markets are currently struggling, but the cycle will turn soon—this time led by India and Southeast Asia.

American exceptionalism will not die any time soon—a country that can produce both SpaceX and Saturday Night Live should not be bet against. But there will be two more giants on the global stage, and faster than current linear extrapolations suggest. BT

Views are personal

ILLUSTRATION BY **RAJ VERMA**

BIG SHOTS

GIVEN THAT MORE THAN 40% OF INDIAN ADULTS ARE STRUGGLING WITH OBESITY AND DIABETES, AFFORDABLE WEIGHT-LOSS DRUGS ARE EXPECTED TO SIGNIFICANTLY DISRUPT THE PHARMACEUTICAL LANDSCAPE IN THE COUNTRY THIS YEAR. AND, THE WEIGHT MANAGEMENT MARKET COULD REACH ₹3.99 LAKH CRORE BY 2032, GROWING AT A CAGR OF MORE THAN 9%

BY **NEETU CHANDRA SHARMA**

ILLUSTRATION BY **NILANJAN DAS**

INJECT, REPEAT

OBESITY & DIABETES CRISIS NEARLY 40% OF INDIAN ADULTS ARE OVERWEIGHT OR OBESE, WITH 11.4% LIVING WITH DIABETES, STRAINING HEALTHCARE

NEW DRUGS SEMAGLUTIDE AND TIRZEPATIDE, ORIGINALLY FOR DIABETES, AID IN WEIGHT LOSS, HELPING PATIENTS SHED UP TO 20% OF BODY WEIGHT

INDIA LAUNCH
LIKELY BY 2025–26, PENDING TRIALS AND REGULATORY APPROVAL

MARKET GROWTH INDIA'S WEIGHT MANAGEMENT MARKET, WORTH ₹1.73 LAKH CRORE IN 2023, IS SET TO GROW AT 9.3% CAGR TO ₹3.99 LAKH CRORE BY 2032

LOCAL INNOVATION
INDIAN COMPANIES LIKE SUN PHARMA, DR. REDDY'S, AND BIOCON ARE DEVELOPING AFFORDABLE ALTERNATIVES TO THESE COSTLY DRUGS

On Christmas Day, when Tesla CEO Elon Musk posed as a slim Santa Claus on X, he gave an unmatched public profile to the anti-obesity drugs Mounjaro and Ozempic with one comment. "Like Cocaine Bear, but Santa and Ozempic," he said, adding, "Technically, Mounjaro, but that does not have the same ring to it."

The sudden publicity (Musk has 209 million followers on X) was the icing on the cake. The companies that make these two drugs, Eli Lilly of the US (Mounjaro) and Novo Nordisk of Denmark (Ozempic) are already the darlings of shareholders, with Eli Lilly at No. 13 and Novo Nordisk at No. 25 on a market capitalisation listing. Musk's Tesla was at No. 8.

So why are people going nuts over these drugs? Cut to a close shot of *aam aadmi* and obesity.

Over 2,000 km from Austin, Texas, where Musk is headquartered, Savita Ahuja, a corporate lawyer based in Miami, Florida, was setting new goals after realising the impact of the new injection: She had lost 13 kg in 10 weeks. Savita, 34, had been on a roller coaster of coffee and junk food, odd hours, and sporadic workouts, with guilt trips into keto and intermittent fasting. But the 5'5" Savita had been stuck at 90 kg.

Till she tried the new weight-loss injection. She couldn't wait to share the news with her cousin in India. Her 80 kg cousin had tried every pill, powder, and belt sold on TV shopping channels to lose weight. The cousin's first question: when would Savita's drug be available in India?

The cousin won't have to wait long, as the pharma majors race to grab a global market expected to be worth $100 billion by the decade's end. In 2023, Novo Nordisk, which makes semaglutide (marketed as Wegovy for weight loss and Ozempic for diabetes), briefly became Europe's most valuable company with a market capitalisation of $424.7 billion, overtaking luxury goods major LVMH and even topping Denmark's GDP.

Novo Nordisk's semaglutide and Eli Lilly's tirzepatide, marketed as Mounjaro, are the rock stars of the pharma market and are eyeing an India entry in the next four-five quarters. Both were developed for managing Type 2 diabetes, in which the body does not produce enough insulin, the hormone that keeps you healthy by shunting excess sugar that floods your blood after a meal into your cells.

2025: A Happy New You

Both semaglutide and tirzepatide target the GLP-1 receptor on cell surfaces and mimic the action of GLP-1 to get the body to produce more insulin, curb hunger and slow food movement from the stomach to the small intestine. In short, you feel less hungry and more full. The result: you lose weight. Clinical trials have shown participants losing up to 20% of their body weight. Four GLP-1 receptor agonists have been approved for obesity treatment: Novo Nordisk's Wegovy and Saxenda, Eli Lilly's Zepbound, and Shanghai Benemae Pharmaceutical's Yishengtai. All these are injectibles.

The good news for India is that Eli Lilly plans to intro-

MAJOR GLOBAL PLAYERS

Among the major global players in the space of weight-loss drugs, Novo Nordisk and Eli Lilly are planning to enter India with their offerings in the next two years Eli Lilly's Mounjaro could come to India in 2025, followed by Novo Nordisk's Wegovy in 2026

ROCHE Xenical (orlistat)	**NOVO NORDISK** Wegovy (semaglutide) Saxenda (liraglutide) Ozempic (semaglutide) Rybelsus (oral semaglutide)	**ELI LILLY** Mounjaro (tirzepatide)
PFIZER Danuglipron Lotiglipron	**ASTRAZENECA** Bydureon (exenatide) Byetta (exenatide)	**AMGEN** AMG 133

Q & A

‘GLP-1 DRUGS MAY BE THE BREAKTHROUGH OF THIS CENTURY’

Kiran Mazumdar-Shaw, Executive Chairperson of Biocon, says India—home to one of the world’s largest diabetic populations—has immense potential for GLP-1 prescriptions

PHOTO BY **CHANDRADEEP KUMAR**

India faces a dual epidemic of diabetes and obesity. Over 77 million people are living with diabetes in India, while there is a rising prevalence of obesity. Kiran Mazumdar-Shaw, Executive Chairperson of Biocon, in an exclusive interaction with *BT*, discusses innovation in diabetes management, the company’s leadership in biosimilar insulins and GLP-1 therapies, and envisions India’s large diabetic population driving opportunities for GLP-1 treatments. Edited excerpts:

►►►

What are the new trends in diabetes and obesity that are likely to make a difference in the years ahead?

If you look at diabetes—or diabesity, as I now call it—it is taking on a completely new dimension. Even in biosimilars, we are a very differentiated company because we are the only ones developing biosimilar insulins. Today, we are the third-largest insulin producer in the world, after Novo Nordisk and Eli Lilly.

I remember, about six or seven years ago, telling my team, ‘Let’s aspire to have one in five insulin users in the world using Biocon insulin.’ We have already surpassed that goal. Now, I need to revisit that aspiration and aim for one in two. If we achieve that, we will be the largest insulin company in the world.

We are also the only company globally with a combination of insulins and GLP-1s. We have already developed GLP-1 peptides and received the world’s first approval for a GLP-1 peptide—liraglutide—from the UK. We are progressing well with other GLP-1 approvals, including semaglutide, which will go off-patent in emerging markets and Canada by 2026. This opens up significant opportunities.

But, the competition will be fierce. Scale will be a key factor, and it’s not just about manufacturing the peptides; it’s also about creating device capabilities that can convert these innovations into market-ready products.

►►►

What should India focus on?

India must prioritise advancements in drug delivery technologies. There is immense potential in subcutaneous formulations for cancer drugs that are currently infused. Similarly, we need to explore nanoparticle-based delivery systems, depot technologies for sustained release, and extended-release tablets. These innovations, where patients don’t need to take a pill or injection daily, represent a major area requiring deeper research.

For diabetics, the combination of insulin and GLP-1s has been transformative. GLP-1s are now seen as a panacea for metabolic diseases, like diabetes, obesity, cardiac ailments, and even Alzheimer’s. Trials are showing remarkable results, suggesting that these drugs may well be the breakthrough of this century.

►►►

What is the market opportunity for GLP-1s in India?

Globally, the GLP-1 market exceeds $150 billion. While this figure will shrink significantly with the onset of generics, the opportunity remains vast. India, home to one of the world’s largest diabetic populations, has immense potential for GLP-1 prescriptions.

Currently, India’s insulin business is worth half a billion dollars, and in many global markets, these figures are in the billions. Using similar projections, the GLP-1 market in India could easily reach multi-billion-pound levels. As this therapeutic class evolves, the possibilities for addressing diabetes and related metabolic diseases are truly transformative.

INDIAN COMPANIES IN THE RACE

Several Indian pharma companies are in the race for weight-loss drugs, recognising the growing demand for obesity management

SUN PHARMACEUTICAL INDUSTRIES
- **Candidate:** GL0034
- **Status:** Phase 1 studies

DR. REDDY'S LABORATORIES
- **Candidate:** Semaglutide (undergoing bioequivalence study)
- **Status:** Bioequivalence study

ROCHE
Agreed to acquire obesity drug developer Carmot Therapeutics for $2.7 billion, challenging market leaders Novo Nordisk and Eli Lilly

ZYDUS LIFESCIENCES
Developing Lupaglutide, a GLP-1 receptor agonist, for both diabetes and weight management, with trials underway

LUPIN
Expanding its pipeline to include obesity-related treatments

duce tirzepatide for Type 2 diabetes and weight loss here under its Mounjaro brand this year. It has already got approval from the Central Drugs Standard Control Organisation (CDSCO). In December 2024, the Subject Expert Committee (SEC) recommended granting permission for the import and marketing of the tirzepatide Multi Dose Pen. According to SEC minutes, Eli Lilly must submit its Phase IV trial protocol to CDSCO within three months of approval. Meanwhile, Novo Nordisk's entry is expected in 2026.

Vineet Gupta, Associate Vice President and MD of Eli Lilly (India), says the country remains an important market for Lilly. "We are committed to accelerating the process of bringing our innovative products to the country. We aim to launch tirzepatide in India in 2025 after obtaining all necessary regulatory approvals," he says.

In June 2024, the SEC recommended approving tirzepatide for import and marketing. This applies to six doses in single-dose prefilled pens and vials, subject to the condition that Phase IV clinical trials are conducted and quality and manufacturing requirements are met.

Tirzepatide has already been approved for weight management and as an adjunct to diet and exercise for Type 2 diabetes in the US and the European Union.

The Big Fat Numbers

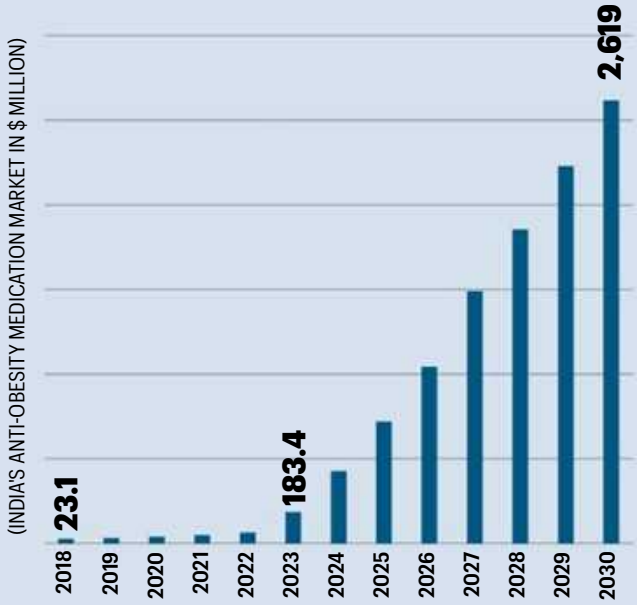
IQVIA, a contract research firm, says in its Global Use of Medicines 2023 report that the top therapeutic areas seen driving pharmaceutical spending globally by 2026 are oncology, immunology, diabetes, and cardiovascular and respiratory, in that order. But while obesity is ranked a lowly 19 by absolute spending, only oncology and obesity have a five-year compound annual growth rate or CAGR (2023-2027) in double digits. Oncology is 13-16% and obesity is 13-16%. The others are in low single digits.

Obesity and diabetes have become significant public health challenges in India. The World Health Organization (WHO) says nearly 40% of Indian adults are overweight or obese. (You are overweight if your BMI is greater than or equal to 25 and obese if your BMI is greater than or equal to 30.)

The National Family Health Survey V, done from 2019-21, found that 22.9% of men were overweight against 18.9% in NFHS-IV (2015-16), an increase of four percentage points.

GAINING SHAPE

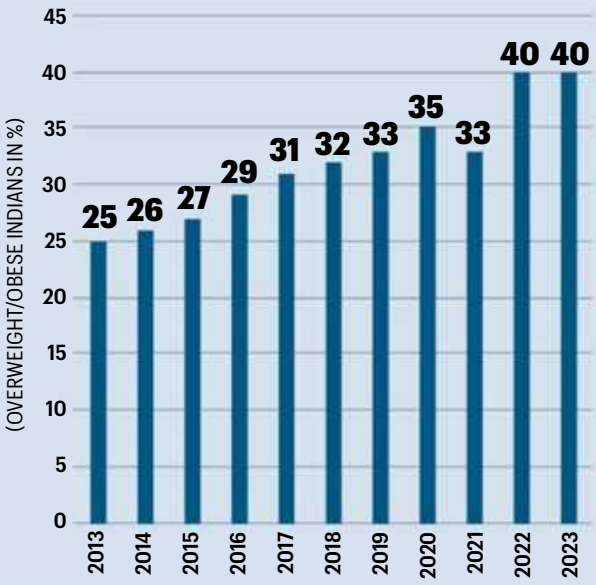
The anti-obesity medication market in India has seen a big rise from $23 million in 2018 to $183 million in 2023 It is expected to zoom in the next five years to reach $2.6 billion



SOURCE HORIZON

OBESITY TRENDS IN INDIA

There has been a significant increase in the proportion of Indians who are either overweight or obese in the past decade From 25% in 2013 the number of obese Indians has increased to 40% in 2023



SOURCE ICMR-NIN OBESITY AND RELATED DISORDERS REPORT

Then there is diabetes, which is linked to obesity. A study published in *The Lancet* estimates 101 million Indians—about 11.4% of the population—are living with diabetes. The Indian Council of Medical Research's INDIAB study reported that 77 million individuals aged 18 and above are affected by Type 2 diabetes, with nearly 25 million being prediabetic. This number is expected to reach 134 million by 2045, according to the International Diabetes Federation (IDF).

Dr Anoop Misra, Chairman of Fortis C-DOC Hospital for Diabetes and Allied Sciences and Director of the National Diabetes Obesity and Cholesterol Foundation (NDOC), says, "Poor dietary choices, lack of physical activity, and urbanisation are contributing to this growing health crisis. Obesity is a major factor in the rise of diabetes, cardiovascular diseases, and fatty liver disorders, which are further straining India's healthcare system."

According to IMARC Group, the weight management market in India was valued at approximately ₹1.73 lakh crore in 2023 and is projected to reach ₹3.99 lakh crore by 2032, growing at a CAGR of 9.3% from 2024 to 2032.

The market includes various segments, such as weight-loss supplements, fitness products, surgical treatments, and services, with dietary products, particularly weight-loss powders, being the largest revenue-generating segment. Pills are expected to be the fastest-growing category during the forecast period.

Doctors have said that existing solutions, such as lifestyle changes or bariatric surgery, have had limited success in addressing this issue on a large scale. While medications like metformin and liraglutide (Victoza) provide some benefits, they have not been enough to stem the obesity crisis.

A spokesperson from Novo Nordisk highlights the significant health burden in India: "With a population of 254 million individuals living with obesity, there is a need for better treatment and management strategies. Improving awareness and access to care will be important for improving health outcomes."

Novo Nordisk is working to expand access to its treatments in India, with plans to introduce semaglutide injections at a 2.4 mg dose for weight management.

The company also emphasises the importance of addressing India's cultural and dietary habits when pro-

PHOTO COURTESY **@ELONMUSK/X.COM**

The Catalyst Elon Musk's post on using weight-loss drugs created quite a buzz about the products

viding solutions and overcoming the stigma surrounding obesity. In plain speak: how does one tackle Indians' fondness for *gulab jamun*, *rosogolla*, and *samosa*?

Eli Lilly's Gupta highlights the need to recognise obesity as a chronic condition that requires comprehensive care. "It is important that obesity is viewed in the same way as other chronic diseases and that people living with obesity can access comprehensive care that can prevent and treat obesity. This includes lifestyle regimens such as diet and exercise, obesity management medications, and bariatric surgery," Gupta says.

Currently, weight-loss medications in India are limited to options like Orlistat and Liraglutide.

Orlistat, an anti-obesity drug, has been available in India since the early 2000s. It works by inhibiting the absorption of dietary fats in the intestine. Metformin, a diabetes medication, helps with weight management by improving insulin sensitivity and lowering blood sugar. Liraglutide, originally developed for diabetes, is used off-label at lower doses to assist with weight loss. Liraglutide for weight loss became available in India around 2017.

They have been used in India as part of weight-loss programmes, especially in the context of diabetes, but the newer stars are semaglutide and tirzepatide.

Reach for the Stars?

As Eli Lilly and Novo Nordisk prepare to launch their weight-loss treatments in India, cost is a big worry. In the US, Wegovy costs around $1,000 monthly, making it unaffordable for most patients. A big downside: you can't stop taking it; most of your lost weight will return.

They can become affordable in India only if the pricing is adjusted, possibly through partnerships with generic manufacturers like Cipla or Sun Pharma.

This is where local pharmaceutical companies such as Dr. Reddy's Laboratories, Lupin, Zydus Cadila, and Sun Pharma can get into the act. And they are.

Dr. Reddy's Laboratories has received approval to conduct a bioequivalence study on semaglutide, while Zydus Cadila is developing its obesity treatment candidates. Sun Pharma is working on GL0034, a long-acting GLP-1 receptor agonist for obese and non-obese adults without diabetes, which has shown positive results in early trials.

Dr. Reddy's Laboratories plans to expand its portfolio to include around 15 GLP-1 drugs, with different timelines for their development and release.

Biocon's Executive Chairperson, Kiran Mazumdar-Shaw, has a word for the dual health crises of diabetes and obesity: Diabesity. She highlights Biocon's unique position in offering a combination of insulins and GLP-1 receptor agonists and says, "Even in the biosimilars space, we are highly differentiated as the only company developing biosimilar insulins."

"We're already developing GLP-1s and achieved the first-ever approval for a GLP-1 peptide, liraglutide, in the UK. With semaglutide [Ozempic] going off-patent in emerging markets and Canada by 2026, there are immense opportunities. However, success will hinge on scale—not just in peptide production but also in developing the devices required to convert these into products," she says.

Biocon is also preparing to launch its liraglutide products in various regions as the drug goes off-patent in many parts of the world. Meanwhile, semaglutide, a once-weekly injection, represents the next generation of GLP-1s, with Novo Nordisk moving towards a monthly injection.

Road Ahead: Not So Smooth

Despite the promise of tirzepatide and semaglutide, their entry into the Indian market won't be smooth: there are regulatory hurdles.

In August 2024, the SEC reviewed Eli Lilly's proposal to import and market a multi-dose prefilled pen version of tirzepatide, branded as KwikPen, with dosages between

PHOTO BY **GETTY IMAGES**

CHALLENGES

PRICING

▸ **GLP-1 drugs like semaglutide cost ₹10,000–20,000 per month, making them unaffordable for many in India**

SIDE EFFECTS

▸ **Gastrointestinal issues (nausea, vomiting, diarrhoea) and long-term risks such as cardiovascular effects require careful monitoring**

REGULATORY NOD

▸ **India's CDSCO is granting approvals, but post-marketing surveillance is necessary to assess safety**

KEY WEIGHT-LOSS DRUG PIPELINE

1

SEMAGLUTIDE (OZEMPIC/WEGOVY)

- Initially approved for diabetes; off-label use for obesity is growing
- Trials show up to 15% body weight reduction over 68 weeks

2

TIRZEPATIDE (MOUNJARO/ZEPBOUND)

- Developed by Eli Lilly, targeting both GLP-1 and GIP hormones
- Trials show 20.9% weight loss at the highest dosage over 72 weeks

3

OTHER GLP-1 ANALOGUES:

- Drugs like liraglutide (Saxenda) and innovations from Novo Nordisk and Pfizer focus on both obesity and related comorbidities

2.5 mg and 15 mg. Tirzepatide had received approval in January 2024 for a single-dose prefilled pen format, as an adjunct to diet and exercise to improve glycaemic control in adults with Type 2 diabetes, but with the stipulation that Eli Lilly conduct Phase IV clinical trials in India.

Although Phase III trials for tirzepatide and semaglutide elsewhere have shown positive results, Indian authorities require domestic clinical data. So these drugs may take two to three years to become widely available in India after their global launch, according to doctors.

Then there are ethical concerns. Experts worry they could be misused for cosmetic weight loss rather than for managing clinical obesity. "Bariatric surgery remains the gold standard for some obese patients. We need awareness campaigns to ensure the drugs are used responsibly," says Dr Pradeep Chowbey, Chairman, Max Institute of Laparoscopic, Endoscopic, Bariatric Surgery & Allied Surgical Specialities.

Tirzepatide has already been approved for weight management and Type 2 diabetes, in combination with diet and exercise, in the US and EU. In the US, the list price for a one-month supply is around $1,087 (the exact price depends on insurance coverage, etc).

Eli Lilly has not notified the probable price of tirzepatide in India, but it may do so this year after the regulator clears it. "The current cost of semaglutide in India is approximately ₹10,000 per month. Tirzepatide will likely be priced similarly or higher, although the company can only confirm the exact price," says Dr Misra of Fortis C-Doc.

The potential for weight-loss medications such as semaglutide and tirzepatide to become mass treatments in India depends on cost and public demand, and they have to be cleared by the Drugs Controller General of India. If these drugs are shown to be cost-effective in preventing chronic diseases such as diabetes, hypertension, and cardiovascular conditions, there could be increased pressure for their inclusion in public health programmes or for private health insurers to offer coverage. BT

@neetu_csharma

BUILDING TOMORROW'S CARE TODAY

The Indian pharma industry is at a juncture where digital transformation is sweeping the healthcare landscape

BY **NILESH GUPTA,** MANAGING DIRECTOR, LUPIN

ONE OF THE founders of the Indian pharma industry, my father D.B. Gupta, started Lupin over 55 years ago with the belief that no one should be left without the quality care they deserve. His passion led to the creation of Lupin, a company that provides healthcare to millions of patients and exists for people, not just profits. However, it is five decades later that we now have tools to truly deliver on the purpose of delivering quality healthcare to every patient globally —irrespective of age, background, geography or economic strata.

You see so many instances of what will be the standard of care tomorrow already in use today—AI algorithms today diagnose diseases such as cancer with accuracy; pills embedded with sensors used to share real-time data; AI tools detect anomalies in X-rays and MRIs more accurately than traditional methods.

This juncture that the healthcare industry stands at today, is both inspiring and empowering, with digital transformation sweeping the landscape. At the heart of this is one promise—delivering true personalised care. The need of the hour is to now accelerate this through building technologies that work seamlessly, creating the right regulations, and to incentivise innovation.

Harnessing the Trio of AI, Telemedicine, Wearables

2023 was the year the world discovered AI. 2024 was when we started to use it. 2025 will be when AI starts transforming the world. ChatGPT started as something interesting but went on to acquire a million users in its first 5 days (Instagram took 2.5 months). India has the second-highest users of ChatGPT in the world. An early paper in 2024 showed that ChatGPT could pass the USMLE exam necessary for practicing medicine in the U.S. In a recent study, ChatGPT scored 90% when diagnosing a medical condition, doctors who did not use it were at 74%.

On the back of these tools, telemedicine has re-emerged as a powerful lever (it experienced global adoption during Covid-19), providing efficient access, including to those in underserved areas. Telemedicine aids timely intervention and better health outcomes by enabling communication between providers and patients in real-time. The number of online doctor consultations has more than doubled in the last 5 years to 116 million in 2024. Projections indicate that several APAC countries will achieve telehealth adoption rates exceeding 70%.

Wearable devices are redefining patient engagement by providing real-time insights. They enable continuous monitoring, allowing proactive intervention, eventually improving adherence and treatment, and better outcomes. Over 500 million smartwatch users globally utilise their devices to track and improve their health.

This combination of AI, telemedicine, and wearables will revolutionise healthcare delivery and outcomes by creating a seamless, personalised, and efficient ecosystem driven by three factors:

- Proactive and preventive healthcare delivered through continuous monitoring of vitals and early detection of diseases
- Personalised treatment where AI can analyse patterns over time, especially for chronic diseases, to recommend medicine, physical activity or diet changes
- Remote care where patients can share data (either online or comprehensively) and recovery can be monitored real-time

Unified Gains For All

A World Economic Forum report speaks about AI displacing 85 million jobs by 2025, but also creating 97 million new roles. With AI, the ones

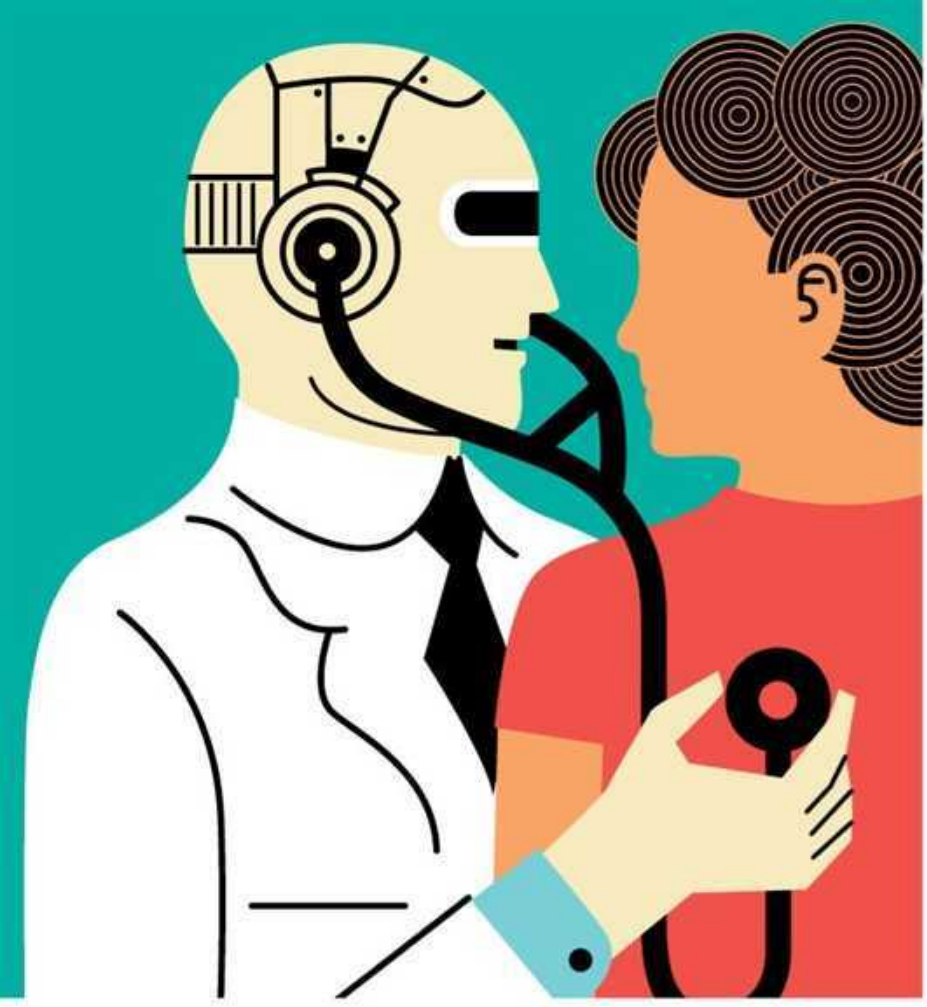


ILLUSTRATION BY **TANMOY CHAKRABORTY**

A combination of AI, telemedicine, and wearables will revolutionise healthcare delivery by creating a seamless ecosystem

who will benefit most are the ones who learn how to use it best. Similarly, adopting digital health holistically will not take away, but will empower doctors, hospitals, and insurers to deliver better health outcomes.

For doctors, this means unprecedented level of diagnostics aiding decision-making, detecting patients that need intervention early, and getting continuous feedback—all delivering better treatment outcomes and lower administration burden.

For hospitals, this means fewer re-admissions and efficient resource allocation. For insurers, this means bringing costs down by offering preventive care and data-driven insights. All this propels a movement towards empowered patients, who have access to personalised, proactive care, and better health.

Accelerating Care

The adoption of digital health is not without challenges. Key barriers include the digital divide, concerns about data privacy, lack of interoperability between digital systems hindering data sharing and care coordination, and resistance to change by all stakeholders involved slowing adoption. Lastly, the costs of implementing digital health infrastructure can strain healthcare budgets in the near term.

Addressing these challenges will require belief, and concerted efforts through policy, education and technology development.

Personalising Care

At Lupin, our commitment to digital health is channelled through Lyfe, our digital therapeutics arm, founded with the conviction that personalised care is a present-day reality. Through Lyfe, we are bringing the power of wearables, remote management, and AI to cardiovascular patients. Lyfe leverages cutting-edge tools and uses continuous monitoring, enhanced doctor-patient collaboration and AI-driven insights to deliver better health outcomes. Lyfe's aspiration is to change the way cardiovascular disease is managed in India.

Digital Health 2.0

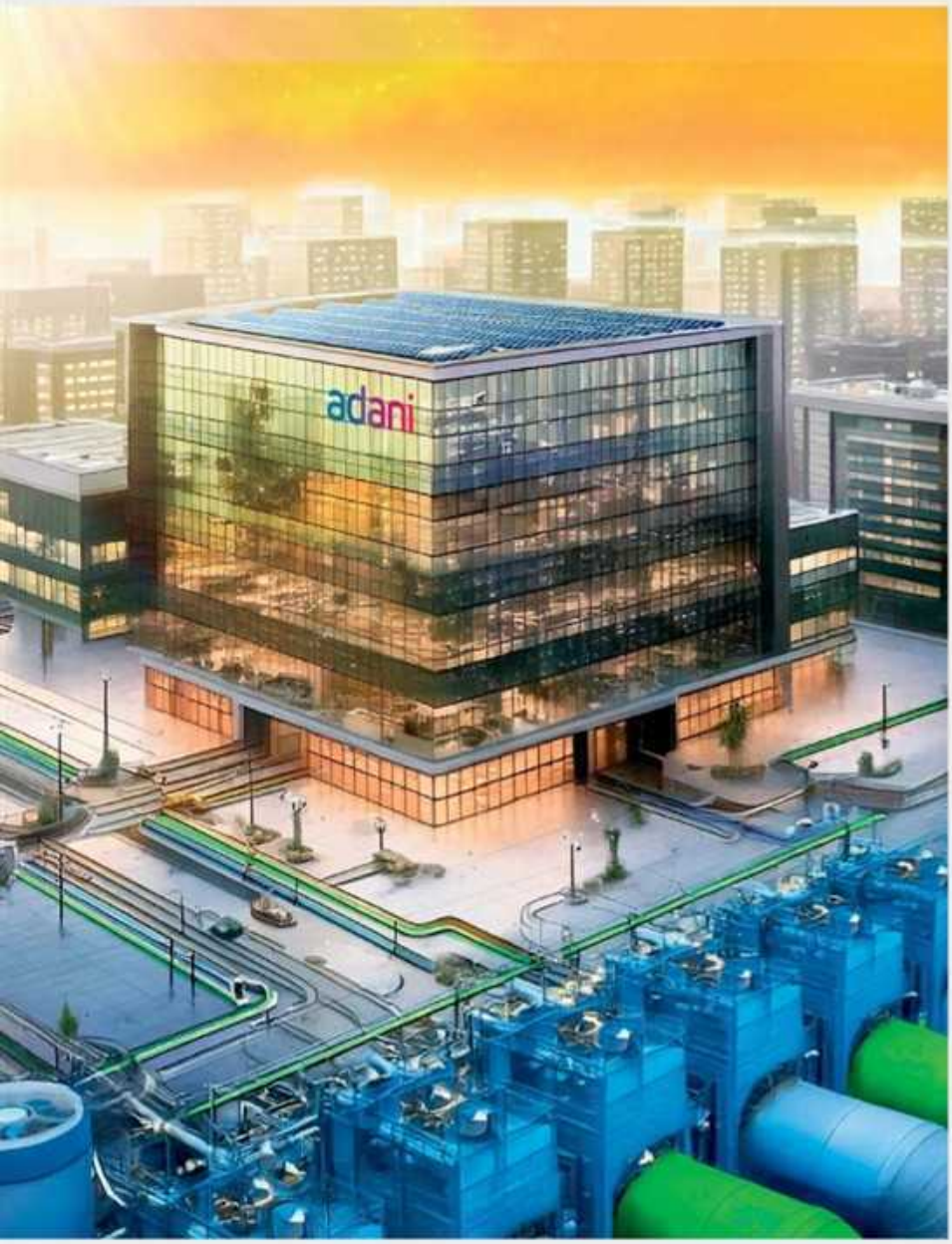
There is so much we have not talked about. AI holds promise to transform every part of healthcare. Digital Health 2.0 is not a technological revolution, it is a paradigm shift to how we deliver healthcare. It marks a transformative era, blending advanced technologies with human-centric care to build a future where health is more accessible, personalized and more efficient. We are on the cusp of a very bright future that would make delivering quality healthcare to all a reality. We couldn't strive for a greater goal. BT

Views are personal

District Cooling System: Toward a Sustainable Future

AESL provides DCS solution as a "cooling-as-a-service" model, where the entire capex is borne by the company, users pay solely based on their usage

As we brace ourselves to tackle the challenges of climate change and meet the demands of ever-increasing cooling, district cooling system (DCS) emerges as a promising solution. As opposed to conventional cooling system, the objective behind DCS is to achieve energy efficiency and sustainability, simultaneously reducing operational costs and environmental impact.



What is District Cooling Dystem?

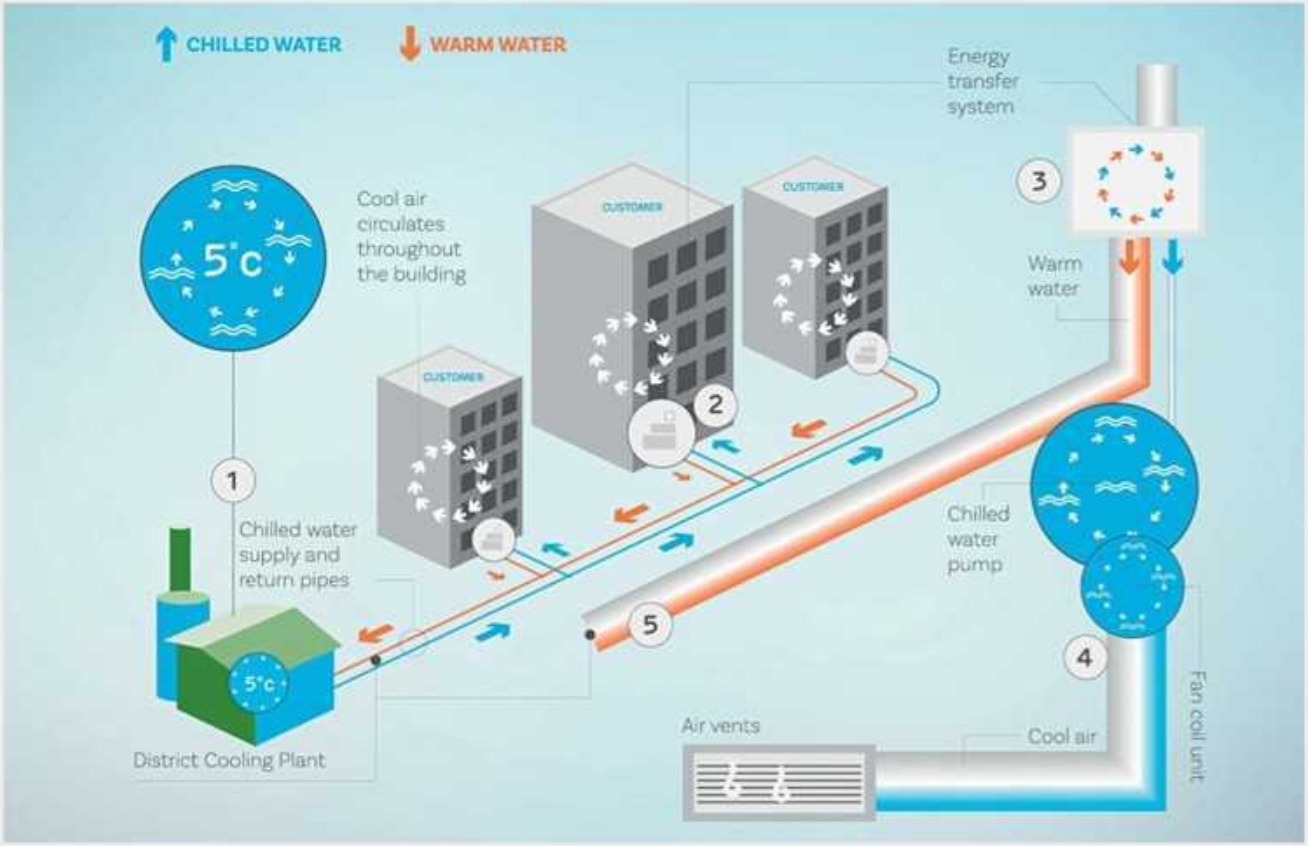
A district cooling system or DCS is an energy and cost-efficient cooling system, which is designed to provide cooling for air conditioning in large-scale urban areas, commercial complexes, and industrial facilities. It's a centralised cooling solution from where cooling is distributed to multiple buildings through a network of underground pipes. This centralised nature of DCS allows for economies of scale, resulting in reduced operational and maintenance costs.

Additionally, the environmental benefits of district cooling systems are also profound. By reducing energy consumption and peak demand, DCS help in lowering greenhouse gas emissions. The integration of renewable energy sources, such as solar and wind power, into the cooling network further diminishes the carbon footprint of cooling operations.

Toward Sustainable Future

DCS and other innovative centralised cooling solutions not only have the potential to reduce power consumption by almost 35% and peak demand by 30%, but also contribute to reduction in power supply infrastructure cost by as much as 45%.

Recognising this synergy, Adani Energy Solutions Limited (AESL) entered this business which will not just optimise its infrastructure costs, power procurement and transmission costs but also help in demand side management. Further, as a power transmitter and distributor, Adani can ensure the blending of green power



with grid power, making DCS solutions more affordable and sustainable.

A major benefit of large-scale district cooling systems (DCS) comes from the diversity factor of peak consumption when combined with mixed-load developments. This helps flatten the demand curve, thereby enhancing the loading capacity of transmission and distribution lines.

Adani's Unique DCS Solution

For the Adani Group, DCS aligns with its focus on creating new infrastructure that is sustainable, more efficient and aligned to India's net zero emissions vision. For AESL, DCS will not only enhance energy efficiency and improve grid stability, but also ensure optimised cost and reduced carbon emissions. DCS can shave off peak demand, optimise resource use, and reduce the overall power demand on distribution networks. By integrating with distribution services, it can be seen as a win-win value-added service.

AESL's DCS solution is offered as "cooling-as-a-service", where AESL bears the entire capital expenditure, with the user only paying based on usage. This makes AESL's proposition highly attractive for the developer as it frees up significant portion of their HVAC (heating, cooling, ventilation, and air conditioning) investments and costly commercial space for sale.

AESL is currently implementing a couple of projects and plans to scale up the business significantly in the coming years.

Indian Market Opportunity

As per India Cooling Action Plan 2019 and District Cooling Guidelines 2023, the cooling requirement of India is estimated to grow 4x from 130 Million Ton of Refrigeration (MTR) in 2022-23 to 720 MTR by 2037-38. Three fourths of this requirement would be from space cooling needs of housing and realty infrastructure, requiring energy consumption of around 476 TWh, translating to an additional 120 GW of power generation and corresponding increase in transmission and distribution network.

Studies by the IEA, World Economic Forum, and ICAP show that India's per capita cooling energy consumption in 2023 was about 147 kWh, compared to the global average of 1,539 kWh. Also, the penetration in AC ownership in India is around 8% as compared to 60 to 90% in other developing countries, even though the person Cooling Degree Days (CDD) of India is highest at over 4,200 billion due to its large population and year-round high ambient temperature across large swathes of the country.

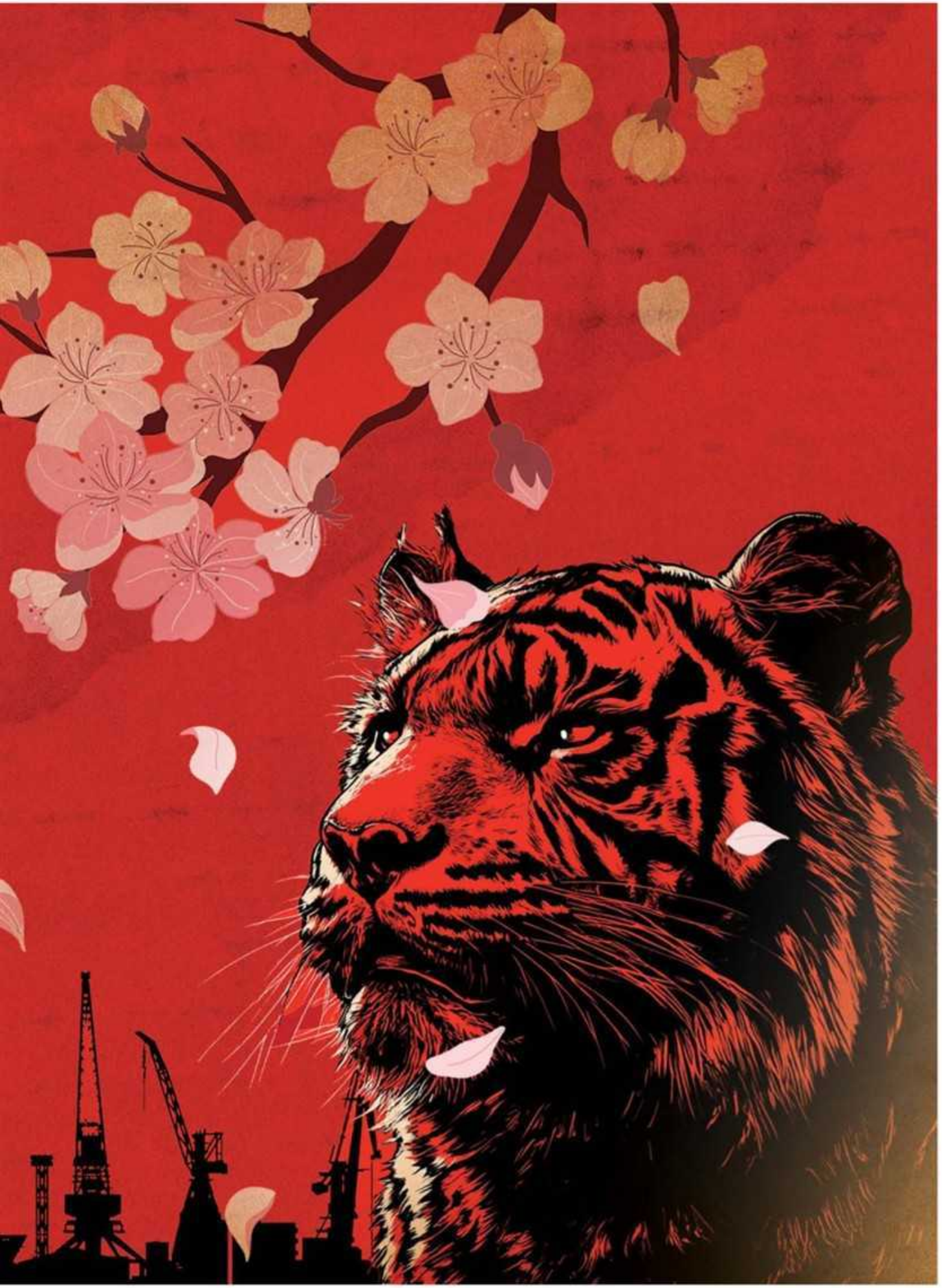
With significant development happening in realty and urban housing development projects, the addressable market for DCS in India is expected to grow by almost 20% CAGR from meagre 9 MTR in 2023 to around 132 MTR by 2037-38 with market share increasing 3x from 7% to 21%, with the share of single room ACs and VRF (Variable Refrigerant Flow) systems dropping from the current 90% to 78% over the same period.

The growth in urbanisation and industrialisation will increase the demand for efficient and sustainable cooling solutions, driving the expansion of DCS. As technology advances and market awareness increases, DCS is going to play a vital role in creating sustainable and resilient urban environments.

SIGNS OF SPRING

With diplomatic relations between India and China showing signs of a thaw, will trade and investments look up? Officials have indicated that India will not ease FDI norms for Chinese firms just now, but will 2025 change this status quo?

BY **SURABHI** • ILLUSTRATIONS BY **NILANJAN DAS**



THAT "MAY YOU live in interesting times" is an English translation of a Chinese curse is apocryphal. However, what is true is that we are living in interesting times. Two wars are in the headlines daily, and scores of armed conflicts across the globe. In the US, Donald Trump will take office as the 47th President on January 20, 2025, and could spark trade turmoil with China and India.

Economy watchers, meanwhile, are keen to see trade and investment ties between India and China go back to the pre-2020 days. During the Covid-19 pandemic's lockdown in March 2020, India banned all direct passenger flights between the two countries. Then came the diplomatic freeze after the June clashes in Galwan in Ladakh in which 20 Indian soldiers were killed.

Indian businesses are sensing a thaw in diplomatic relations between India and China and expect Delhi to lift curbs on investment by Chinese companies—even though the government has ruled out such plans for now, citing Press Note 3 of 2020. This Press Note revised a clause of the Consolidated FDI Policy 2017 to rule out investment by any Chinese company except through the government route. It does not name China but excludes any entities of a country "that shares a land border with India" or where the beneficial owner of an investment into India is situated or is a citizen of any such country.

The government said it wanted to check opportunistic takeovers of Indian companies during the pandemic.

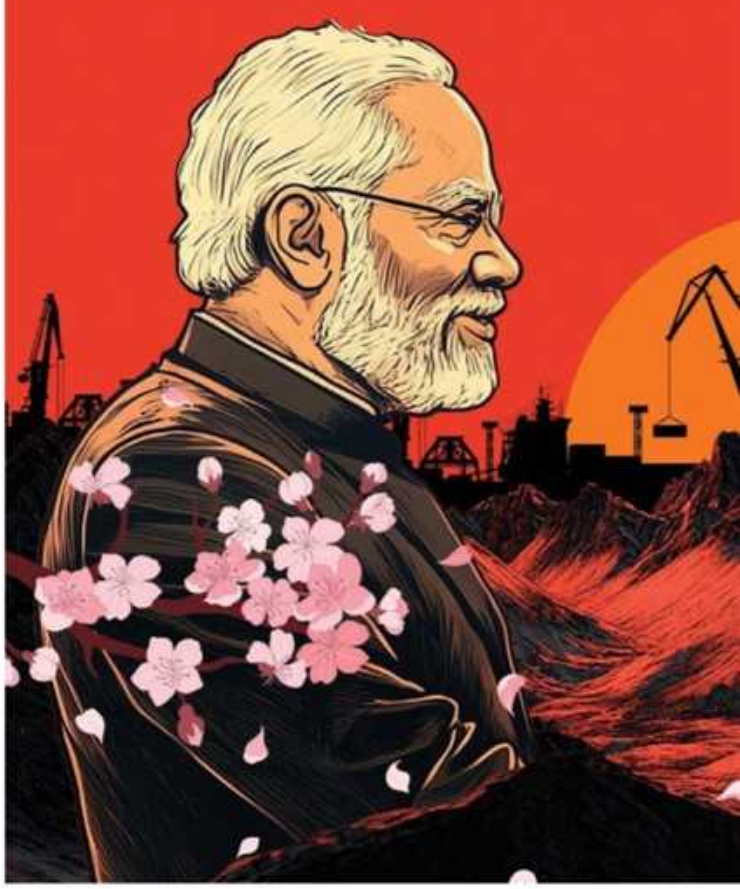
"As of now, there is no rethink on this issue; the amendment to the FDI rules was brought in after much thought was put into safeguarding strategic sectors and interests," said official sources.

The first signs of a thaw

Policy watchers and experts saw the thaw begin on October 23, when Prime Minister Narendra Modi met

TRADE TIED

- **Political relations between India and China deteriorated after border clashes in June 2020 in the Galwan region**
- **Trade remained unaffected but India tightened norms for Chinese investments and withdrew automatic clearance for countries that share land borders through Press Note 3**
- **India also banned several Chinese mobile apps and stopped direct flights to China**
- **Recent disengagement between the two neighbours has led to some improvement in diplomatic relations**
- **There are expectations that this could also ease investment relations between the two countries**



WHAT IS PRESS NOTE 3?

- **Press Note 3 of 2020 amended the FDI policy mandating that countries that share a land border with India can only invest under the government route**
- **The rule also applies to cases where the beneficial owner of any investment into India is situated in one of these countries**
- **The aim was to curb an opportunistic takeover of an Indian company during the Covid-19 pandemic**
- **Economic Survey 2023-24 had suggested FDI inflows from China can help India boost exports and increase participation in global value chains**

with Chinese President Xi Jinping on the sidelines of the 16th BRICS Summit at Kazan in the Russian republic of Tatarstan. This was the first formal interaction between the two leaders in five years since the Galwan clash. Their historic handshake paved the way for a dialogue to begin.

More recently, on December 3, External Affairs Minister S. Jaishankar informed the Lok Sabha that India-China relations have seen signs of improvement in resolving some border issues, including the October agreement on patrolling protocols along the Line of Actual Control (LAC). "In the coming days, we will be discussing de-escalation and effective management of our activities in the border areas," he said.

Then on December 18, India and China held the first boundary talks in Beijing between the Special Representatives of the two countries— National Security Advisor Ajit Doval and Chinese Foreign Minister Wang Yi—after a gap of five years, where they affirmed the disengagement agreement at the LAC.

Earlier, the government's Economic Survey of 2023-24 had made waves for its suggestion that India

$2.5 BILLION

TOTAL FDI EQUITY INFLOW INTO INDIA FROM CHINA, FROM APRIL 2000 TO SEPTEMBER 2024, PER DPIIT

revisit the FDI curbs. The Survey argued that FDI inflows from China can help India boost exports and increase participation in global value chains.

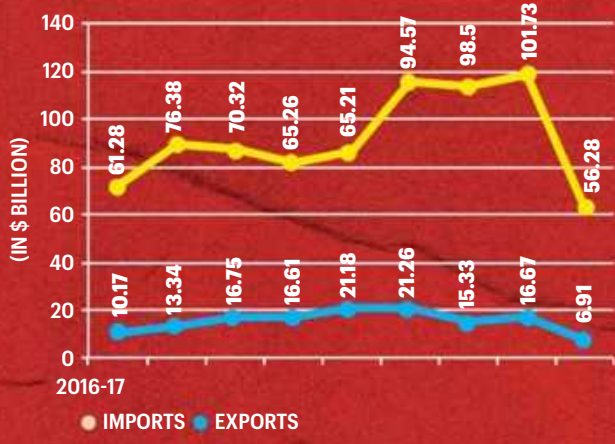
"...focusing on FDI from China seems more promising for boosting India's exports to the US, similar to how East Asian economies did in the past. Moreover, choosing FDI as a strategy to benefit from the China plus one approach appears more advantageous than relying on trade," the Survey, presented in Parliament on July 22, had said.

Expectations are growing that the two trading partners will try to normalise investment ties and ease the movement of skilled manpower and experts. More investments could also help boost domestic manufacturing and create jobs.

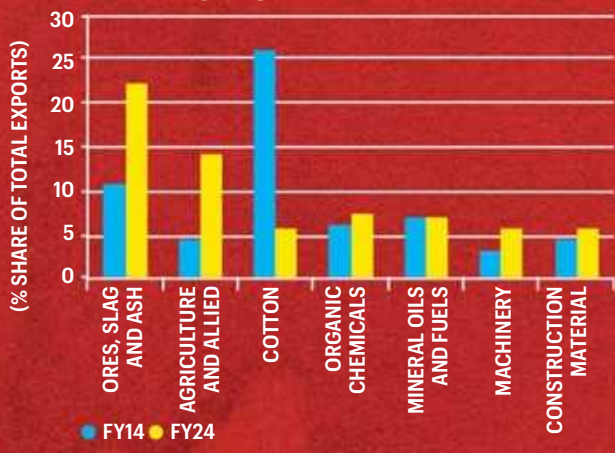
Biswajit Dhar, a Distinguished Professor at the Council for Social Development, feels India and China seem to be moving towards an end of hostilities. "There also seems to be some realisation that FDI from China is useful for India. This will likely lead to

TRACKING THE TREND

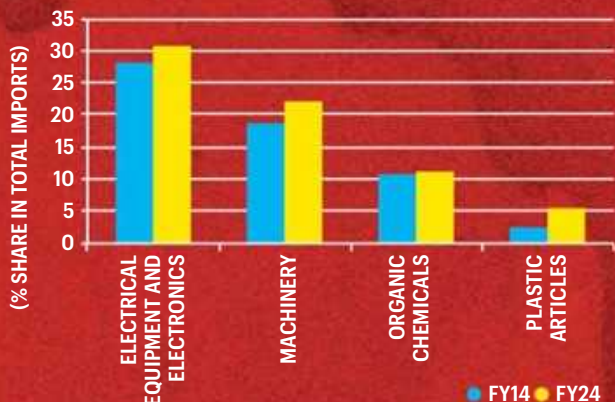
▶ China was India's largest trading partner in FY24 ▶ India's trade deficit with China was $85.06 billion in FY24



KEY EXPORTS



KEY IMPORTS



SOURCE MINISTRY OF COMMERCE, CRISIL

an eventual lifting of curbs. This situation is likely to change, but it is difficult to predict when it will happen as there are a lot of geopolitical issues at play," he says.

India has also prioritised its interests, such as buying crude oil from Russia despite Western sanctions on Moscow over the Ukraine war. Dhar feels India will likely continue to decide on issues for its benefit despite deteriorating relations between the US and China.

Agneshwar Sen, Partner-Tax and Economic Policy (International Trade), EY India, is also confident that 2025 will be the year we can expect the normalisation of the India-China economic relationship.

"India used its economic clout to retaliate [for Galwan]. We did not resume direct flights to China following the Covid closures, curbed investment inflows, and shut down online businesses, which probably surprised the Chinese. Now there's a better understanding," he says.

The next logical step would be resuming direct passenger flights between India and China. Sen said the Indian industry has been asking for Chinese technicians to help install machinery and equipment.

Trade and investment

Experts stress that even after the Galwan clashes trade between India and China continued, and in FY24, China remained India's largest trading partner. But it has been a double-edged sword, given India's growing reliance on Chinese imports for their cost competitiveness and technological know-how in energy, transportation and machinery sectors. Over the years, the government has taken several initiatives under the 'Make in India' scheme to boost domestic manufacturing and compete with China as a global manufacturing hub.

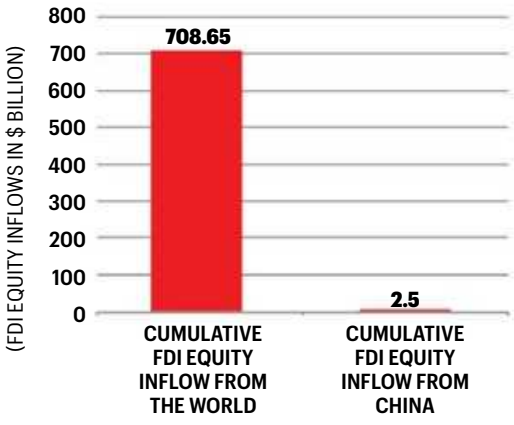
India's exports to China rose marginally to $16.67 billion in FY24 from $16.61 billion in FY20. Its imports have, however, surged to $101.73 billion in FY24 from $65.26 billion in FY20. India's trade deficit with China had ballooned to $85.06 billion in FY24.

Indian industry is also worried that if the US increases tariffs on imports from China, Beijing could dump goods in other markets.

Surendra Singh, Associate Professor of International Business at Jindal School of Liberal Arts and Humanities, O.P. Jindal Global University, says India's trade deficit with China has doubled in the last five years since it decided to stay out of the Regional Comprehensive Economic Pact, a free trade

FDI INFLOWS

▸ FDI equity inflows from China have been minor compared to the rest of the world, accounting for just 0.35% between April 2000 and September 2024 ▸ Mauritius, Singapore and the US are the top countries in terms of FDI equity inflows



DATA FROM APRIL 2000 TO SEPTEMBER 2024
SOURCE DPIIT

"We did not resume flights to China [after Covid], curbed investment, and shut online businesses... Now there's a better understanding"

AGNESHWAR SEN
PARTNER-TAX AND ECONOMIC POLICY (INTERNATIONAL TRADE), EY INDIA

"India's trade deficit with China has doubled in the last five years since it decided to stay out of the Regional Comprehensive Economic Pact"

SURENDAR SINGH
ASSOCIATE PROFESSOR, INTERNATIONAL BUSINESS, JINDAL SCHOOL OF LIBERAL ARTS AND HUMANITIES, O.P. JINDAL UNIVERSITY

deal between China, the ASEAN bloc of countries, Australia, New Zealand and Japan, along with a few others.

Based on actual investments in India, China remains a marginal player. Lifting restrictions on foreign direct investment (FDI) by China will have minimal impact on the ground. Between April 2000 and September 2024, FDI equity from China added up to $2.5 billion or just 0.35% of the total FDI equity inflows. Singh believes the recent improvement in diplomatic relations with China will unlikely lead to improved business and investment.

"India remains sceptical of investments from China and the nature of such investments. Over the last few years, India has received several large investment proposals from Chinese firms but has not welcomed most of them," Singh says. The academic said there is enough evidence that Chinese investments in different countries have undermined the receiver countries' sovereignty.

A recent report by the economic think tank Global Trade Research Initiative says that expecting a surge in Chinese investments is unrealistic, even if the restrictions are eased. "China has historically shown limited interest in making substantial investments in India, particularly in sectors that require technology transfer or strategic collaboration," it says.

Chinese investments may flow into labour-intensive industries such as garments or shoes and undermine Indian manufacturing further, the report warned.

In high-tech sectors such as electronics and electric vehicles, Chinese companies could assemble products in India with up to 90% of the components sent from China. "This would only deepen India's dependence on Chinese supply chains," the report said.

So the official weather forecast is bleak: "No showers of Chinese FDI. No clouds on the horizon".

Let's hope the weatherman is wrong. And that Chinese FDI makes landfall soon. BT

@surabhi_prasad

NEW WORLD ORDER

Four disruptions—urbanisation, technological change, demographic shifts, and global connectivity—are converging to create a new world order

BY **RICHARD DOBBS,** FORMER DIRECTOR, MCKINSEY GLOBAL INSTITUTE

THE BRITISH Industrial Revolution of the late 18th and early 19th centuries radically transformed Britain and its role in the world. Today, the world is undergoing an even more profound transformation, driven by four fundamental disruptions. Each of these changes is larger than anything we've ever seen individually, and we are seeing all four simultaneously.

Compared to the Industrial Revolution, these disruptions are occurring 10 times faster, at 300 times the scale, and with an impact approximately 3,000 times greater. While we recognise these disruptions, their full magnitude and second- and third-order effects remain underappreciated as these forces amplify one another, interacting and intensifying as they interact.

Together, they are reshaping the global economy in ways that, if managed correctly, could play to India's strengths, elevating it to the third-largest economy in the world, with Indian companies becoming global leaders.

Let's review these four disruptions, identified in our research at the McKinsey Global Institute:

1. The Age of Urbanisation

The first disruption is the shifting of economic power to emerging markets like China and India and to the cities within them. These countries are undergoing simultaneous industrial and urban revolutions, dramatically moving the centre of global economic activity eastward and southward. As recently as 2000, 95% of the Fortune Global 500—companies like Airbus, IBM, Nestlé, Shell, and Coca-Cola—were headquartered in developed economies. Today, China is vying with the US for the highest number of large companies. Despite its role in global urbanisation, India, with only around 10 Fortune Global 500 companies, lags behind its position as a Top 5 economy.

2. Accelerating Technological Change

The second disruptive force is the rapid pace of technological change. While technology—whether the printing press, steam engine, or the internet—has always reshaped economies, the scale and speed of change today are unprecedented. For example, it took 38 years for radio to reach 50 million listeners. In contrast, Facebook gained 6 million users in its first year and 600 million in just five years. China's WeChat now boasts 1.3 billion users—more than the populations of North America and Europe combined. The proliferation of data, tools like AI, and technology-driven business models such as e-commerce platforms and ride-sharing apps are amplifying this transformation. India's strong technology education

AI GENERATED IMAGES BY **HARDIK CHHABRA**

infrastructure positions it to benefit from this disruption.

3. Ageing Populations

The third disruption is the ageing of the global population. Fertility rates are declining worldwide, especially in developed economies like Japan and Russia, but also in China and soon Latin America. Today, over half of all countries have fertility rates below the replacement level of 2.1 births per woman. This means the world's population will plateau or even shrink in many regions. India's youthful demographic could provide a significant advantage as its working-age population continues to grow, positioning the country to finally reap the benefits of a demographic dividend.

4. Greater Global Connections

The fourth disruption is the increasing interconnectedness of the world. Trade, finance, and the movement of people and data have created a more integrated global economy. Asia is now the world's largest trading region, and "South-South" trade between emerging markets has doubled over the past decade. Today,

Our intuitions, shaped by decades of incremental and predictable change, no longer provide reliable guidance

around 300 million migrants—3.6% of the world's population—are contributing to a new phase of globalisation. While this interconnectedness offers vast opportunities, it also creates volatility, as networks of trade, capital, and people become more complex and influential and can get disrupted by weather, accidents, or political events.

Resetting Our Intuition

These four disruptions are upending established patterns across all sectors, influencing every aspect of life. The simultaneous occurrence of these disruptions means our world is changing in ways that are often unrecognisable from the one in which many of us grew up. This challenges forecasts based on extrapolating past trends and requires a reassessment of the assumptions upon which decisions have traditionally been made.

Our intuitions, shaped by decades of incremental and predictable change, no longer provide reliable guidance. In the past, globalisation favoured established players, labour markets operated predictably, and resource prices trended downward. But these patterns are no longer reliable. We now live in a world where rapid, unexpected change is the norm. If we rely on outdated intuitions, we risk making decisions that no longer align with the new reality.

This is especially true for organisations and leaders who have enjoyed past success. Human nature often leads us to expect the future to resemble the recent past, which can be a dangerous assumption. The key to navigating this changing landscape lies in embracing new ways of thinking and boldly questioning old assumptions. Success will depend on the ability to adapt and stay ahead of the curve in an increasingly complex and rapidly evolving world.

In conclusion, these four disruptions—urbanisation, technological change, demographic shifts, and global connectivity—are converging to create a new world order. They could all play to India's strengths if we reset our intuition. BT

The author is now a board member for several organisations. Views are personal

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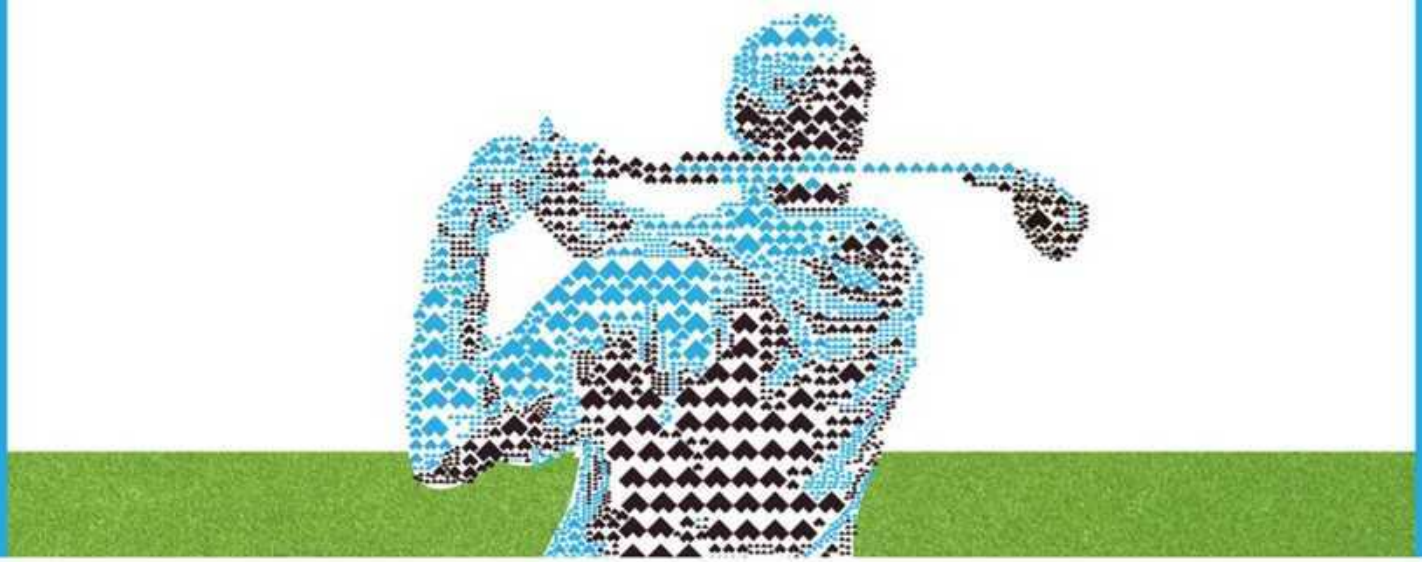

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SPACE VISION

The government will focus on R&D and ambitious missions, such as human spaceflight, while operational responsibilities increasingly transition to the private sector

BY **S. SOMANATH,** SECRETARY, DEPARTMENT OF SPACE; CHAIRMAN, ISRO

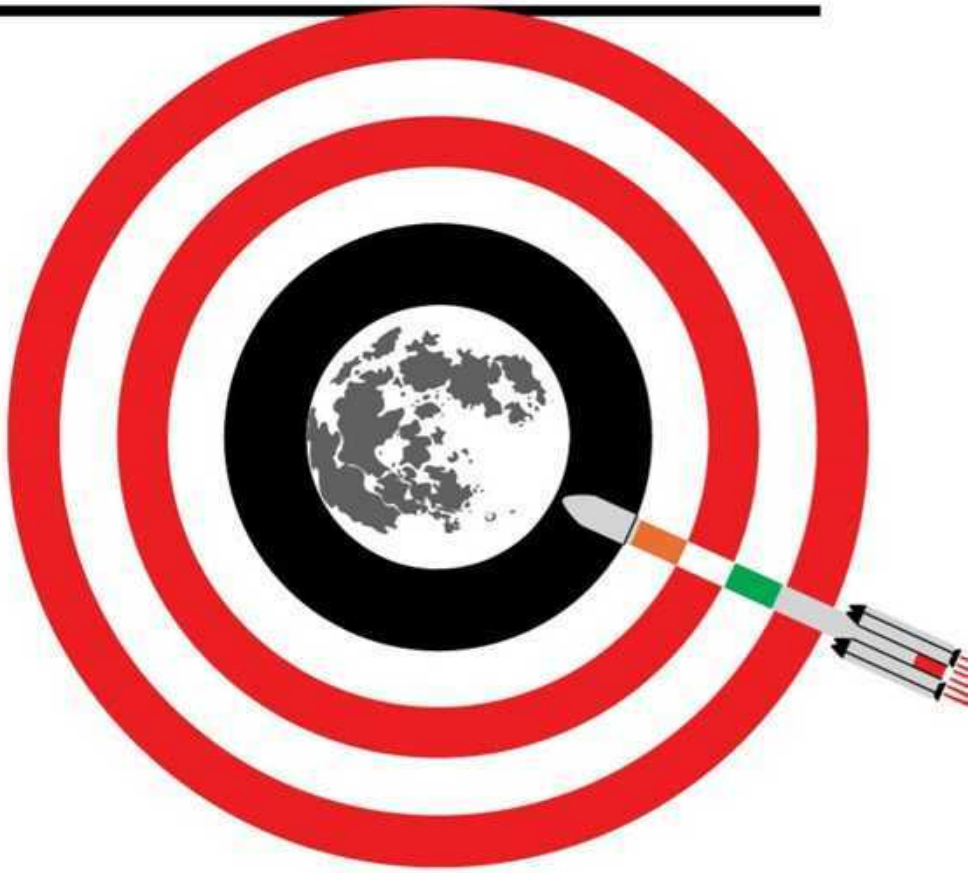


ILLUSTRATION BY **TANMOY CHAKRABORTY**

INDIA'S CONTRIBUTION to the global space economy is currently just 2%, which highlights the need for significant growth. One of our key goals is to increase this share to 10% over the next decade. To achieve this, we are prioritising public-private partnerships (PPPs), enabling start-ups and other companies to play a larger role in space activities.

That includes transferring operational tasks to private players, encouraging private missions, and supporting start-ups in every aspect of the space sector. Additionally, we are supporting foreign direct investment and introducing new PPP models under NewSpace India Limited.

We have created a comprehensive 25-year road map, called the Space Vision, which outlines ambitious goals, including an Indian landing on the Moon by 2040. This requires several precursor activities, such as the continued Chandrayaan programme. Another major initiative is the development of a space station, which we aim to operationalise by 2035, along with extending the human space programme. We are also focussing on application-oriented programmes by involving user communities in areas like communication and Earth observation satellite launches. This approach will expand the commercialisation of data and revenue generation opportunities in the sector.

The Indian Space Research Organisation (Isro) has a rich history of collaboration with global players such as NASA, CNES (France), Roscosmos (Russia), and JAXA (Japan). These partnerships have been pivotal in technology acquisition and joint missions. Our focus is now expanding to include emerging space nations, helping their industries connect with India's space ecosystem.

We also contribute to global fo-

rums dealing with space sustainability, debris, law, resource utilisation, space-based navigation, telecommunications, trade, and commerce.

Emerging technologies play a vital role in reducing the cost of access to space and improving mission efficiency. For instance, our upcoming NGLV (Next-Generation Launch Vehicle) will feature partial reusability and advanced manufacturing techniques, including additive and inline manufacturing, to lower production costs and shorten turnaround times.

In quantum technologies, Isro is working under the National Quantum Mission to develop quantum key distribution (QKD) satellites for secure communication. AI is already being utilised for tasks such as image analysis, object classification, and mission design. In the future, it will have a broader role in satellite operations, system design, and data processing, with onboard AI enhancing satellite autonomy.

Isro actively contributes to global efforts by sharing critical climate and weather data from our satellites. In disaster management, Isro supports global rescue operations and early warning systems.

We provide data across many parameters, including sea states, sea surface temperatures, ice, glaciers, and ice sheets, among others. In the coming days, we are focussing on the synthetic aperture radar. This satellite, designed with a focus on climate, weather, and sustainability, will map the entire globe every 12 days. Under the TRISHNA mission, we will provide thermal imaging of the Earth.

We don't differentiate between Isro and private entities; we view this as a national space ecosystem where Isro plays an enabling role. There is no competition between the two; instead, it's about fostering organic growth. Isro's goal is to develop a capable private sector that can handle end-to-end tasks. Currently, private players largely act as subcontractors, but we aim to transition operational tasks to them as they mature. To support start-ups, we have established a ₹1,000-crore venture capital fund.

Historically, the space sector has relied heavily on government funding. By scaling up and involving private players, we aim to become self-sustaining

Technical parks are also being set up across the country to provide infrastructure for testing and evaluation. Additionally, Isro's facilities and knowledge are now open to private companies for mentoring and support. This ensures that the knowledge and resources within Isro contribute to the growth of the private sector.

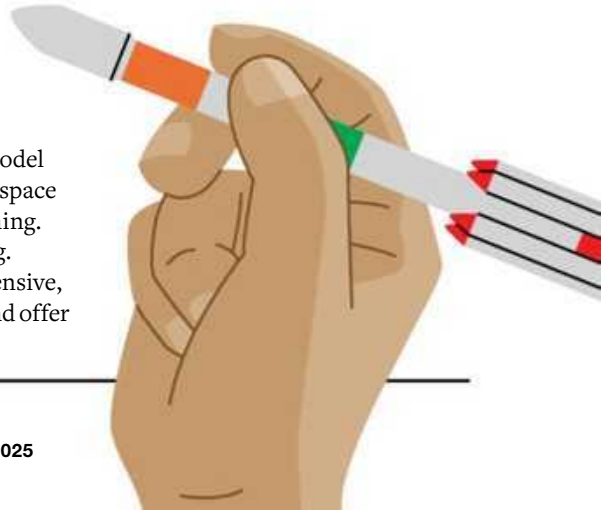
My vision revolves around scaling up the space economy. While technological achievements like landing on the Moon are crucial, we also focus on making space activities economically significant. Historically, this sector has relied heavily on government funding. By scaling up and involving private players, we aim to transition to a model where the economic impact of space activities becomes self-sustaining.

However, this is challenging. Space ventures are capital-intensive, have long gestation periods, and offer relatively low returns compared to traditional industries.

Government sponsorship will remain essential for strategic programmes, but we envision a shift where private companies handle activities like communication networks, remote sensing applications, and infrastructure development. We also foresee significant downstream revenue generation—up to 70% of the space economy—coming from services like data applications, product generation, and communication systems. The government will focus on R&D and ambitious missions, such as human spaceflight and lunar exploration, while operational responsibilities increasingly transition to private players.

The Indian space industry has evolved significantly. Private companies, once hesitant to engage in space ventures without Isro's support, are now venturing into new domains independently. Our vision is for Indian companies to leverage global technologies, create world-class products, and establish themselves as global players. The transformation is underway, and the collaboration between Isro, private enterprises, and start-ups will drive India's space ambitions to the next frontier. BT

As told to Neetu Chandra Sharma. Views are personal



SPEED & CONVENIENCE

QUICK COMMERCE PLAYERS SUCH AS BLINKIT, INSTAMART, AND ZEPTO ARE RESHAPING THE INDIAN RETAIL LANDSCAPE WITH ULTRA-FAST DELIVERIES, ALTERING THE WAY INDIANS SHOP. HOWEVER, THE COMPETITION IS FIERCE WITH EVERY-ONE VYING FOR DOMINANCE **BY PALAK AGARWAL**

THE SMARTPHONE'S ALARM sliced through your nightmare of that school morning when you found you had forgotten to buy the sketch pens you needed for art class. Your mother's tantrum, "How could you forget?" The teacher's scowl, your sinking heart.

Fast forward. Yesterday, while packing her schoolbag, your niece realised she had forgotten to get sketch pens. But her mother grabbed her smartphone, placed an order on a 10-minute delivery app, and the pens were at the doorstep before the school bus pulled up.

This is the promise of quick commerce—e-commerce on steroids, redefining convenience by letting us get stuff in less than 10 minutes. Delivery times could be longer during rush hour traffic or bad weather.

But consumers are lapping up quick commerce. Although the model failed elsewhere, it is projected to grow to $40 billion by 2030 in India. And that's not counting the imminent entry of Reliance, India's largest retailer.

First, a quick look at the players and the action.

At the heart of the buzz is Zepto, founded by Aadit Palicha and Kaivalya Vohra in 2021. Y-Combinator was an early backer. In 2024, Zepto raised $1.3 billion across multiple funding rounds, the most private funds raised by a start-up that year. Palicha claims Zepto's sales could soon surpass retail giant DMart, one of India's leading grocery chains since 2002 (2023-24 revenues ₹49,533 crore).

But Zepto is not the pioneer. That honour goes to Blinkit, the new avatar of Grofers created in December 2021. Six months later, Blinkit was acquired by food delivery app Zomato, a listed company. Zomato's rival Swiggy listed in November 2024, four years after launching Swiggy Instamart.

Tata-owned BigBasket, which created the online grocery business in 2011 and is Blinkit's biggest rival, has launched BBNow, a 10-minute delivery service. Flipkart launched Flipkart Minutes in August 2024, fetching groceries and smartphones. Amazon is reportedly testing 15-minute deliveries.

While Zepto set a record in funding, Blinkit has more SKUs or stock-keeping units, operates in more cities, and has more "dark stores" or stores serving a

A RAPID LOOK

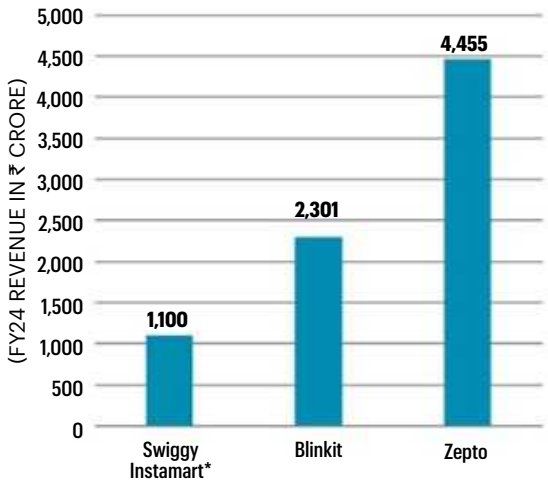
Blazing Growth: Quick commerce is transforming India's retail landscape, with over 82% of buyers shifting at least 25% of their kirana purchases to these platforms—all within just four years of the sector's emergence

Fierce Competition: From start-ups to giants like Flipkart and Amazon, the battle for dominance is heating up, even as profitability remains elusive

The Big Question: While quick commerce thrives in metros, its expansion into Tier II and Tier III cities raises concerns about sustainability and long-term viability

THE SPEED STARS

- Zepto was the clear leader among quick commerce firms in FY24 in terms of revenue
- Blinkit and Swiggy Instamart are pulling out all stops in a bid to catch up



*SALES

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2 km radius. Blinkit is also contribution-positive, unlike Zepto and Instamart. It has a profit after fixed costs.

WHY QUICK COMMERCE?

Quick commerce addresses urban India's growing demand for convenience and speed. But does this model have the legs to walk beyond the metros? Do the Tier-II and Tier-III cities have the required infrastructure and population density?

The term "grocery" covers everything a household consumes: fruit juices to toilet cleaners, from fresh produce to packaged goods. It is the crown jewel of India's retail market, projected to grow from $570.3 billion in 2023 to $818.3 billion by 2028.

But grocery is margin-driven, and turning a profit is not easy. Quick commerce has an edge in grocery. Satish Meena, advisor at Datum Intell and co-founder of Sutradhar, says, "Quick commerce players have a distinct edge. They can negotiate better margins directly with manufacturers by eliminating the distributor channel and accelerating inventory movement."

FMCG companies love the quick commerce model as it helps them sell premium products that demand high margins in modern retail or large format stores where consumers browse shelves to pick up products.

"Consumption [of grocery or food and beverage] in the middle class has been a major concern for FMCG firms. Premium-priced products often struggle to find a foothold in modern retail due to high margins," Meena says. "With quick commerce, these companies can save 10–15% on margins."

PROFITS AFTER YEARS

But competition and margin pressures are brutal. Only Blinkit is contribution-positive: its revenue started covering variable costs like delivery and sourcing expenses. But it did so only in the second quarter of 2024-25. Overall profitability, or covering fixed costs such as infrastructure and marketing, is a far cry.

Swiggy Instamart reported a gross revenue of ₹1,100 crore for FY24 and a 124 basis point quarter-over-quarter increase in its contribution margin during Q2FY25.

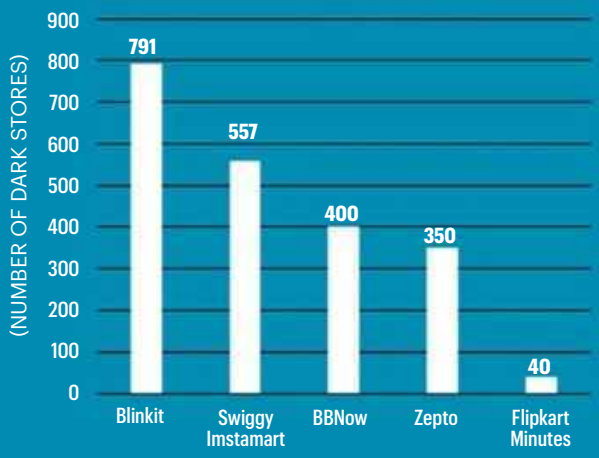
Diversifying beyond grocery has emerged as a potential strategy to get out of the red. But it is all trial and error. Zepto burnt nearly ₹300 crore in September and October 2024. It reported revenues of ₹4,455 crore in FY24, significantly ahead of competitors. Zepto's absolute losses came down year-on-year with profit after tax (PAT) as a percentage of revenue improving from -63% in FY23 to -28% in FY24.

Sandeep Murthy, Partner at Lightbox, an early investor in Dunzo, believes exploring new categories is essential, but the game-changer could be private labels.

SPEED MERCHANTS Quick commerce addresses urban India's growing demand for convenience and speed

THE 10-MINUTE RACE

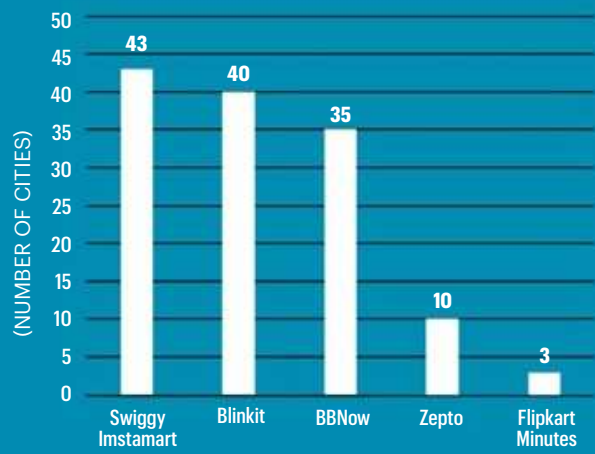
- The race to build dark stores is heating up as these are essential for quick delivery
- Blinkit is the clear leader on this front, much ahead of closest rival Swiggy Instamart



NOTE FLIPKART MINUTES STARTED ITS OPERATIONS IN AUGUST 2024, DATA TILL NOVEMBER 2024
SOURCE DATUM ANALYSIS STATE OF QUICK COMMERCE MARKET, 2024 REPORT

CITY RIDERS

- Swiggy Instamart has stolen a march over its rivals in terms of geographical spread
- Zepto is at a distant fourth among the major quick commerce players



Kushal Bhatnagar, Associate Partner at RedSeer, says quick commerce companies don't have deeply structured category expansion plans. They focus on grocery as the core offering while trying to become a neighbourhood convenience store.

The melee attracts everyone with a product to deliver, the keyword being "quick". Apart from the pure-play quick-commerce names, it has attracted e-commerce giants (Flipkart Minutes), fashion retailer Myntra, to FNP, which began life as the flower shop Ferns N Petals and now promises 60-minute delivery of an entire range of gift items.

The heart of the profit machine could be the dark stores—warehouses with 10,000-25,000 SKUs. "From product assortment to price selection, every aspect of dark store operations needs to be top-notch," Bhatnagar says. He says the cash burn won't be for predatory pricing but for advertisements and dark stores.

NOT EVERYTHING IS CASH-BURN

Rahul Taneja, Partner at Lightspeed India, an investor in Zepto, says one must differentiate between investment and burn. Every dark store is an investment (increasingly by franchisees) in acquiring customers in the area. This is not the same as burning money to acquire orders. "We believe the market is investing as it expands, and at a stable stage, there is a very large profit pool available," he says.

Meena says players will deploy immense amounts of money to stay on top. Profitability will still be hard to achieve as customer acquisition is the priority.

The kiranas, or small neighbourhood stores, are feeling the ripples. Shoppers are getting a quarter of their stuff from quick commerce platforms, and some have stopped visiting kiranas.

A second-generation store owner in Bengaluru says, "Only a few older patrons and loyal customers who prefer fresh fruits or vegetables visit us. Sales have dropped, although we take phone orders and offer doorstep delivery."

First, modern trade was expected to displace kiranas. Then came the e-commerce wave. However, quick commerce is a different ball game. It's already posing a serious threat, and this pressure will only intensify, analysts warn.

There's a glimmer of hope for kiranas. Start-ups such as Kiko Live and Kirana Pro are stepping in to help them digitalise and enable quick commerce via platforms such as the Open Network for Digital Commerce (ONDC), a government initiative.

For now, quick commerce seems unstoppable. The real test will lie in how well these companies can balance their ambitious growth with sustainable business practices. BT

@PalakAgarwal64

BUILDING SMARTER MANUFACTURING

The intersection of IT, manufacturing operations technology, and sustainability in Industry 4.0 represents a once-in-a-generation opportunity

BY **ROSHNI NADAR MALHOTRA,** CHAIRPERSON, HCLTECH

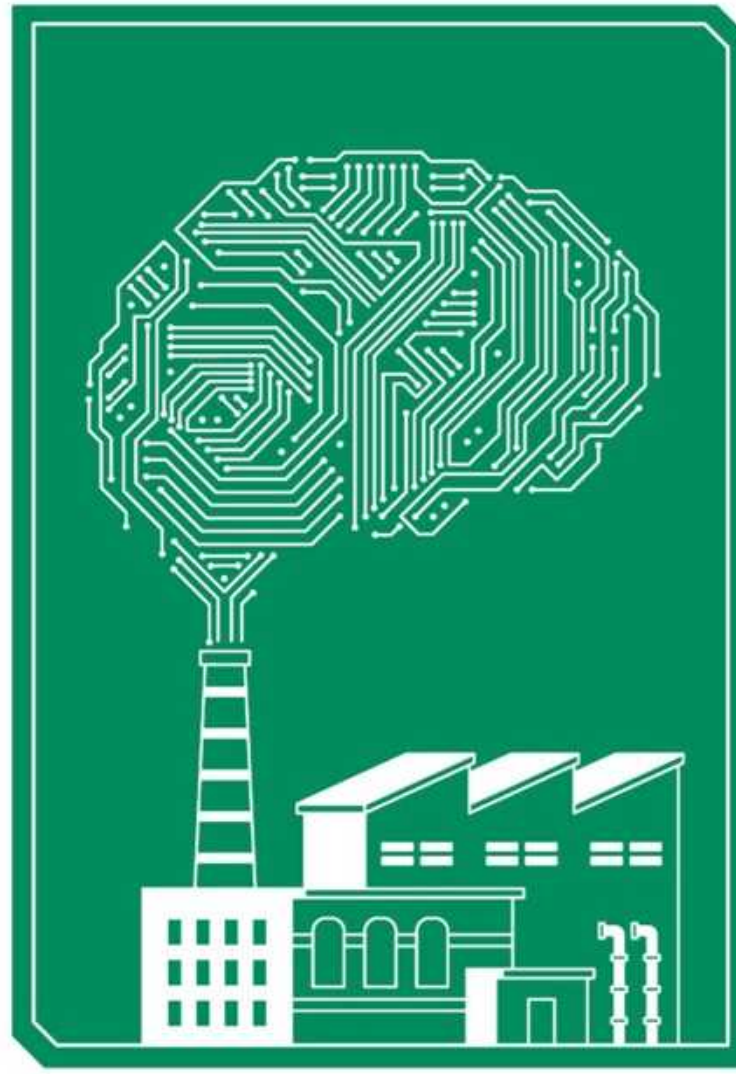


ILLUSTRATION BY **TANMOY CHAKRABORTY**

THE MANUFACTURING INDUSTRY is poised for a profound transformation. As Industry 4.0 gains momentum, it promises smarter factories, robust and digitally-enabled supply chains, data-driven processes, AI-powered decision-making, and a commitment to sustainability. The global Industry 4.0 market is projected to surpass $300 billion by 2030, showcasing its growing influence on industry operations.

At its heart, Industry 4.0 is about leveraging advanced technologies along with traditional systems to create intelligent and sustainable ecosystems.

The role of IT and digital technologies such as artificial intelligence (AI) in this transformation cannot be overstated. Digital is, in fact, at the heart of this revolution by connecting systems, enabling real-time insights, and optimising resource use.

Catalyst for Sustainable Manufacturing

Industry 4.0 marks a shift from conventional manufacturing practices to a more connected, automated, and intelligent approach. Imagine a factory where machines communicate seamlessly, processes adjust in real-time, and every decision is backed by data and typically led by AI. This shop-floor-to-top-floor cohesiveness is now backed by a solid, reliable data backbone,

and the entire manufacturing supply chain is connected via a digital thread. This isn't a vision for the future; it's the reality many manufacturers are embracing today.

Essentially, Industry 4.0 is powered by IT-driven technologies like the Internet of Things (IoT), AI, cloud and edge computing, and big data analytics, with the emerging interventions from Generative AI.

However, the importance of Industry 4.0 goes beyond efficiency. These advancements are helping manufacturers rethink their environmental impact right from the product conceptualisation and design stage. For instance, IoT sensors enable precise energy and water usage monitoring, ensuring that factories run as sustainably as possible.

Similarly, AI-driven tools can optimise resource allocation, reducing waste and promoting smarter practices across the board.

This intersection of technology and manufacturing isn't just a leap forward in capability; it's also an opportunity to embed sustainability into the very fabric of how products are made, consumed, and sustained.

It's often said that what gets measured gets managed. IT allows manufacturers to measure and manage their operations in ways that weren't possible before.

The insights generated through IT enable businesses to achieve a balance between innovation and responsibility—a balance that has never been more critical.

For example, AI-powered design systems can simulate the eventual sustainability impact of a product concept and optimise design features; robotics-driven advanced manufacturing systems can convert product designs to manufactured goods efficiently, while IoT-powered self-healing equipment can predict failures before they happen. Blockchain technology adds another layer of accountability, offering transparency and traceability across supply chains.

These technologies form the backbone of a manufacturing ecosystem that is smart and kinder to the planet. In a world increasingly defined by finite resources, IT serves as the bridge between operational excellence and environmental stewardship.

India's Quest

India's journey towards becoming a global manufacturing hub is accelerating, powered by Industry 4.0. According to a Nasscom report on India's Industry 4.0 adoption, digital technologies are projected to account for 40% of total manufacturing expenditures by 2025 compared to 20% in 2021. As the Indian manufacturing sector continues to adopt these technologies rapidly, the government too has taken significant strides to promote manufacturing, technology, and sustainable practice adoption.

Initiatives like 'Make in India' and 'Digital India' have created a favourable environment for businesses to invest and innovate. The production-linked incentive (PLI) scheme has been instrumental in attracting investments in key manufacturing sectors. Put these together, and we enhance India's unique position as the melting pot of pivotal priority areas.

The insights generated through IT systems enable businesses to achieve a balance between innovation and responsibility

At the same time, a skilled workforce that understands and leverages these tools is essential for sustainable growth. The government's focus on skill development and technological upgradation has empowered the workforce to embrace Industry 4.0.

Blueprint for the Future

The intersection of IT, manufacturing operations technology (OT), and sustainability in Industry 4.0 represents a once-in-a-generation opportunity. With the interventions of Gen AI and a focus on building large language models (LLMs) enabling smart digital manufacturing, manufacturing firms have significant opportunities to improve overall product design and throughput and predict manufacturing line performance. This convergence of OT and IT systems is building on the proven technological foundation and maturity of IT to deliver unparalleled insights across enterprises. This has paved the path for truly differentiated value, transforming IT into a critical enabler for resilient, expansive, adaptive, and integrated enterprises.

India's strong IT infrastructure, policy framework, and talent pool provide the foundation for leading this transformation. By continuing to adopt sustainable practices, invest in innovation, and empower its workforce, it can truly emerge as a global manufacturing powerhouse that prioritises both growth and the planet.

The IT blueprint for Industry 4.0 is here and clear—smarter systems, responsible choices, and a sustainable future for all. BT

Views are personal

DRIVING POSITIVE CHANGE

The Indian cement industry is making significant strides to shift to a more sustainable future. However, challenges such as high infrastructure costs remain

BY **NEERAJ AKHOURY,** MD, SHREE CEMENT

ILLUSTRATION BY **RAJ VERMA**

WITH A GREATER focus on building a greener future, the cement sector is bracing for greater innovations.

The Indian cement industry, the second largest globally, boasts an installed capacity of approximately 670 million tonnes per annum and a cement production output of around 430 million tonnes in 2023–24. With 175 integrated cement plants and 150 split grinding units across India, it plays a pivotal role in meeting the nation's infrastructure demands. At the same time, the industry has set ambitious yet pragmatic targets to transition into a greener, more sustainable sector, aligning with the Prime Minister's vision for India to achieve Net Zero by 2070.

As a significant contributor to global greenhouse gas emissions, the industry carries the responsibility to innovate and adopt sustainable practices. The transformative changes underway go beyond technological advancements—they demand a complete rethinking of traditional processes and a willingness to challenge long-established paradigms. This shift represents a

defining moment, not only for the cement industry but also for the broader manufacturing sector.

The traditional "take-make-dispose" linear model is gradually being replaced by the regenerative principles of a circular economy. This paradigm shift emphasises the recycling and reuse of products, materials and energy, reducing waste, and enhancing resource efficiency.

The transition is evident. Through concerted efforts, the average thermal substitution rate has reached 7%. A promising fuel that is being explored as a substitute for coal and natural gas for cement kilns is green hydrogen. But we are in the infancy of adopting it widely and require further R&D to bring it as a mainstream solution.

Further, the industry has led the transition to green products by making blended cements using alternative raw materials. The industry has also embraced the use of industrial waste materials, such as fly ash from thermal plants, slag from ferrous and non-ferrous industries, and waste from paper and mineral processing industries. However, a large volume of industrial waste from other sectors—such as red mud from aluminium production and gypsum from thermal and fertiliser industries—remains underutilised. To address this, a national inventory of industrial wastes and by-products could enable the sustainable management of these materials, helping mitigate the depletion of natural limestone reserves. This approach would not only benefit cement manufacturing but also support other industrial applications, fostering a more sustainable and resource-efficient economy.

The sector is also investing heavily in energy efficient technologies, including advanced kiln systems to optimise energy use. Notable progress has been made in the adoption of renewable energy sources, alongside the increasing implementation of waste heat recovery systems (WHRS). WHRS captures waste heat generated by kilns and converts it into usable energy, reducing energy costs and enhancing sustainability. AI and ML are also being integrated to further enhance process efficiency.

Kiln electrification is an emerging concept with the potential to revolutionise decarbonisation efforts. While still in the developmental stage, this technology could drastically reduce CO_2 emissions by replacing fossil fuels with electricity—ideally sourced from renewables. This technology has the capability of producing the extreme temperatures required for clinker production using renewable electricity, addressing the thermal emissions that account for around 40% of total clinker-related emissions. Early implementation of pilot projects will be crucial to fully realise the potential of this decarbonisation pathway. However, challenges such as high infrastructure costs and the intermittent availability of renewable energy, highlight the importance of advancements in energy storage solutions to make kiln electrification a viable and scalable solution.

To address the remaining 60% of clinker-related emissions from cement manufacturing, a technology being considered is Carbon Capture, Utilisation, and Storage (CCUS). If it is scaled correctly, it could significantly reduce the overall carbon footprint. Supportive policies, incentives and regulatory frameworks can stimulate investment in CCUS infrastructure and research, fostering innovation and technological development. Additionally, government-led initiatives can facilitate the establishment of a CCUS value chain, providing seamless linkage from capture to utilisation and storage of carbon.

A promising fuel that is being explored as a substitute for coal and natural gas for cement kilns is green hydrogen

Logistics costs account for nearly 30% of the total manufacturing expenses in cement production, making it a critical area for innovation and optimisation. To address this, the industry is increasingly moving towards more environmentally friendly options such as CNG/LNG and electric-powered trucks, waterways and railways, reducing reliance on traditional road transport.

Over the last decade, sustainability topics have transitioned from being aspirational goals to becoming non-negotiable imperatives, largely driven by growing customer expectations, government regulations, and stakeholder demands. Achieving these goals demands industry-wide cooperation, bold action encompassing technological innovation, investment in R&D, process optimisation and the development of sustainable materials.

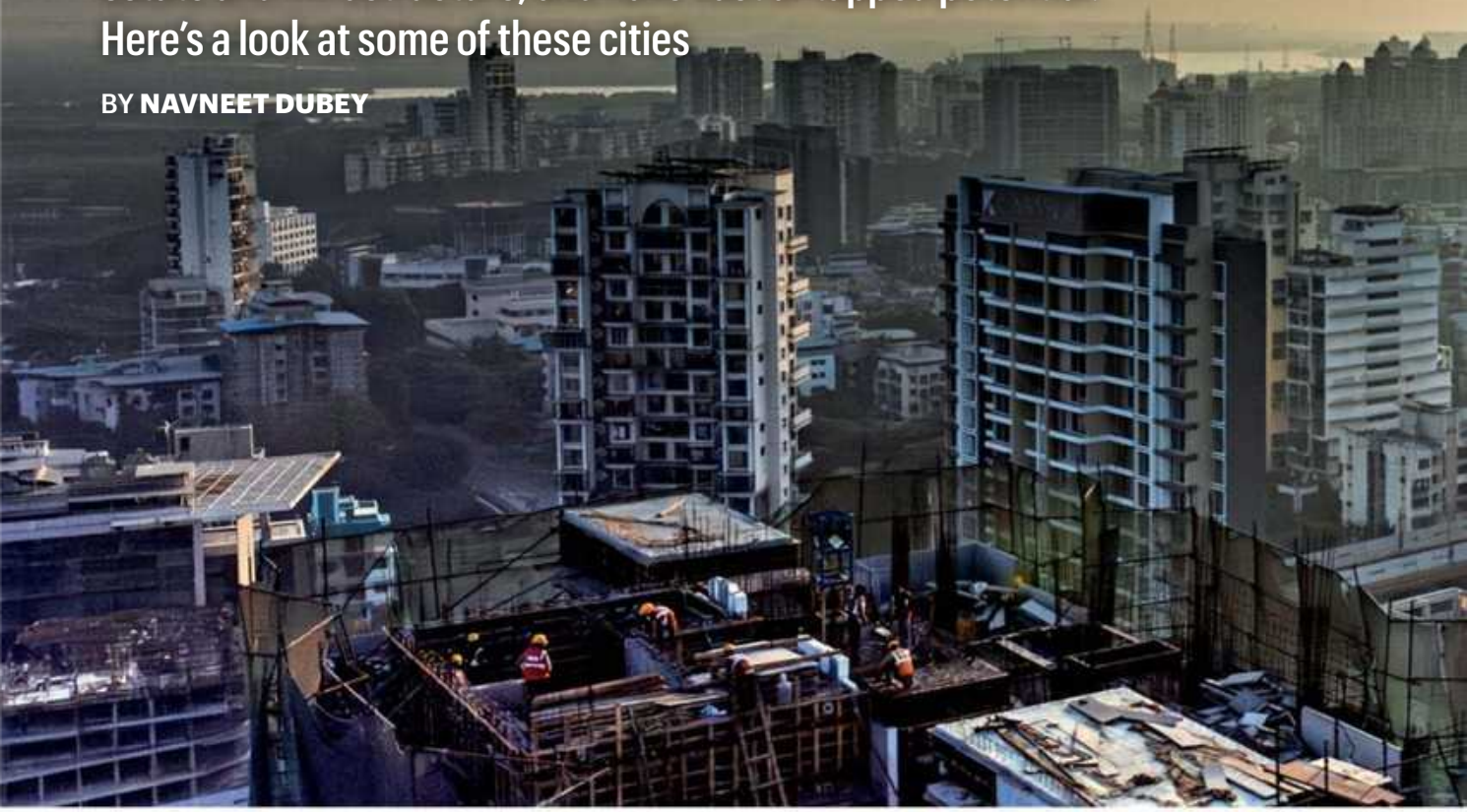
The road ahead is not easy, yet the cement industry is in an excellent position to drive positive change through innovation, green energy integration and sustainable manufacturing practices to shape a future where economic prosperity coexists harmoniously with environmental stewardship. BT

Views are personal

EMERGING INDIA

India's Tier II and III cities are powering the country's economic growth. They are seeing a rapid transformation in real estate and infrastructure, and have vast untapped potential. Here's a look at some of these cities

BY **NAVNEET DUBEY**



RESHAPING THE ECONOMIC LANDSCAPE

BOOMING REAL ESTATE MARKET: Increased demand for housing and commercial spaces is driving rapid real estate development

IMPROVED INFRA: Government initiatives that focus on better connectivity, transportation, utilities, etc., are helping transform these cities

PHOTOS BY **GETTY IMAGES**

MANUFACTURING HUBS: Many Tier II cities are becoming centres for manufacturing and industrial growth

CONSUMER MARKET: A growing middle class with rising disposable incomes is presenting a significant opportunity

EDUCATIONAL DEVELOPMENT: Educational institutions and skilling schemes are fostering a skilled workforce

INDIA'S GROWTH STORY is no longer confined to its bustling metropolises. Smaller towns are stepping into the spotlight, emerging as dynamic contributors to the nation's economy. Fuelled by strategic government initiatives, affordable real estate, and a wave of infrastructure upgrades, cities like Meerut in Uttar Pradesh, Vapi in Gujarat, Haldia in West Bengal, and Tirunelveli in Tamil Nadu are rewriting the script of Tier II city development.

In these cities, prices of real estate have jumped near new infrastructure projects like roads, railway lines, and, perhaps most symbolically, with the arrival of airports.

While challenges persist, the potential for these cities to attract organised players in hospitality, retail, and other sectors is undeniable.

So, what makes these towns tick?

Meerut

Meerut, a city once considered a quiet town in Uttar Pradesh, India's most populous state, has undergone a remarkable transformation over the past two decades. Located just 70 km from Noida, which is part of the Delhi-National Capital Region, Meerut is now emerging as a hub for healthcare, education, business, and infrastructure development.

Sudhir Kumar, a 37-year-old bank employee, has lived in Meerut for 20 years, and he has witnessed firsthand the city's dynamic growth. "Twenty years ago," he says, "Meerut was a different place. Now, look at it! Over the years, I've seen Meerut undergo major changes in infrastructure, healthcare, education, and urban planning."

Kumar points towards a gleaming new hospital complex. "Healthcare has been revolutionised. We used to rely on limited facilities, but now, top-notch hospitals attract patients from across the state," he adds. Indeed, there is now the Anand Hospital, Nutima, and the upgraded LLRM medical college.

Over the last decade, ITMS (Integrated Traffic Management System) was introduced in Meerut, including the installation of CCTV cameras at key locations and public areas to monitor traffic violations and enhance security, and a solid waste disposal site has been developed to improve waste management. "Waste collection vehicles come to every area to collect waste from homes. These small changes occurred in our city in the past four

THE STARS

Meerut

It accounts for 3.2% of Uttar Pradesh's GDP. The big industries are textiles, tyres, sugar, chemicals, paper, sports goods, and publishing

ECONOMIC INDICATORS

Gross Domestic Product (GDP): **$10** billion

Per Capita GDP: **₹81,684**

DEMOGRAPHIC DYNAMICS

Population: **1.85** million

Literacy rate: **76%**

Tirunelveli

The city accounts for 4% of Tamil Nadu's GDP. The big industries are agriculture, wind power, cement, and textiles

ECONOMIC INDICATORS

Gross Domestic Product (GDP): **$13** billion

Per Capita GDP: **₹2.7** lakh

DEMOGRAPHIC DYNAMICS

Population: **700,000**

Literacy rate: **75%**

Haldia

The city accounts for 3.6% of West Bengal's GDP. The big industries include petrochemicals, power, fisheries, and agriculture

ECONOMIC INDICATORS

Gross Domestic Product (GDP): **$8 billion**

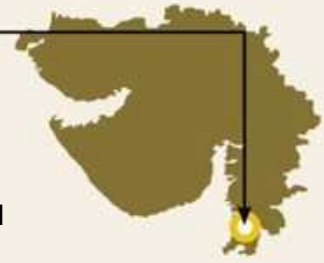
Per Capita GDP: **₹1.4 lakh**

DEMOGRAPHIC DYNAMICS

Population: **284,000**

Literacy rate: **88.5%**

Vapi



The city accounts for 3.5% of Gujarat's GDP. The big industries include paper mills, chemical plants, kitchen appliances, pharmaceuticals, plastics, rubber, and textiles

ECONOMIC INDICATORS

Gross Domestic Product (GDP): **$11 billion**

Per Capita GDP: **₹2.8 lakh**

DEMOGRAPHIC DYNAMICS

Population: **300,000**

Literacy rate: **89%**

NOTE: CONSIDERING AN AVERAGE GROWTH RATE OF 8% FOR GDP CALCULATION
PER CAPITA GDP CONSIDERED FOR FY22

SOURCE: MUNICIPAL CORPORATIONS, ECONOMIC SURVEY, AND INDUSTRY ASSOCIATIONS

to five years," he says.

But it isn't just about hospitals and roads. Meerut, Kumar says, has carved out a niche for itself. "Cricket bats from Meerut are legendary," he declares with pride, mentioning the renowned manufacturers like Sanspareils Greenlands (SG) and B. D. Mahajan and Sons Private Limited (BDM).

Business-wise, Meerut is home to sports equipment manufacturing units, particularly cricket gear. With renowned companies like SG, BDM, and Sareen Sports Industries (SS) headquartered in the city, Meerut supplies cricket bats to national and international players alike. "And the musical instruments," Kumar adds.

Education, too, had taken centre stage. Universities like Shobit and Subharti have sprung up, offering world-class education. Then there are prestigious government universities like CCS University and Sardar Vallabh Bhai Patel University. Plus, more than 50 engineering colleges have been established in the last 10 years, apart from prestigious professional colleges and the coaching industry for competitive exams like NEET and JEE, catering to the needs of the youth.

As an informed middle class increases in these cities, its tastes have changed, and that has led to a demand for newer urban amenities like malls. Aman Gupta, Director at the RPS Group, says malls like the Shopprix Mall and The Rave@Meerut are set to change the picture in terms of retail trade. "Such malls are not only designed as shopping centres but also as retail centres with multiplexes, food courts, and other recreational activities. Future projects in this sector will boost the city's attractiveness even more, particularly among the youth and families," he says.

Meerut has received a shot in the arm with projects like the Regional Rapid Transit System (RRTS), which will soon connect the city to Delhi, and the Meerut-Delhi Expressway, a 14-lane highway. There is also the upcoming Meerut Metro and the 594-km Ganga Expressway from Meerut to Prayagraj. These projects, coupled with the proposed logistics hub, are poised to transform the city into a regional powerhouse.

"As far as real estate investors are concerned, investment in Meerut brings together both affordability and room for growth," Gupta says. Properties positioned around the RRTS, junctions of the expressway and emerging commercial pockets have started gaining traction.

Vapi

Vapi in Gujarat, too, is set to reap the benefits of a large infrastructure project. The Mumbai-Ahmedabad High-Speed Rail (MAHSR) corridor—India's first bullet train project that is expected to be completed by 2026—will run through Vapi station.

CHALLENGES AHEAD

INFRASTRUCTURE GAPS:
Lack of quality roads, housing, and utilities

ENVIRONMENTAL DEGRADATION:
Pollution, traffic, and resource depletion

SKILL MISMATCH:
Inadequate workforce skills for emerging industries

SOCIAL INEQUALITY:
Disparities in access to services and opportunities

UNSUSTAINABLE GROWTH:
Lack of balanced economic, social, and environmental development

Besides, the city will also be part of the Delhi-Mumbai Expressway, also known as the Delhi-Mumbai National Corridor.

Thanks to these developments, the city's real estate sector has been booming for the past five years. According to Darshak Shah, Director of the real estate company Fortune Dream-Con, 20-25 residential and commercial projects are underway in the city, all located near where the bullet train is set to come up. Vapi will also be part of the global logistics company DP World's rail freight service between Hazira port in Surat and Delhi-NCR.

Historically, Vapi has been an industrial town because of its proximity to the dam near the city and connectivity to Mumbai, says Satish Patel, President of the Vapi Industries Association. The key industries in the area include chemicals, paper mills, textiles, and pharmaceuticals. The key players in the region's chemical sector include UPL, Pidilite, and Aarti Industries.

The Gujarat government, too, is leaving no stone unturned in giving Vapi a boost. It recently notified nine new municipal corporations, and Vapi was one of them.

Tirunelveli

It takes about two and a half hours from Madurai airport to reach Tirunelveli, going past picturesque windmill parks and several temples. This is a region known for its agricultural prowess and cement plants and, like most parts of Tamil Nadu, has a strong retail base. Once you get off the highway and enter Tirunelveli, one of the first things that catches your attention is the number of jewellery stores.

Money from agriculture makes its way into real estate and jewellery, both considered safe investments in this part of the world. "Gold has attained an international currency status post the pandemic. The emphasis on savings in gold is a big trend here," says B. Ramesh, Joint Managing Director, Thangamayil Jewellery, a listed entity that owns three stores in Tirunelveli district.

Thangamayil Jewellery entered the town eight years ago, seeing the high disposable incomes there. "During that period, we saw a large number of women turning into entrepreneurs or becoming employees in factories. What they saved needed to be channelled, and gold was the preferred instrument," Ramesh says.

Since the pandemic, customers purchased 8 gm of gold on average, and Ramesh says that has now jumped to 12 gm. "Agriculture is a reliable source of livelihood in Tirunelveli, and people do not spend beyond their basic requirements. There is no mall culture, and money has easily flowed into land and gold," he explains.

A short 20-km drive from Tirunelveli leads to Gangaikondan, home to the Small Industries Promotion Corporation of Tamil Nadu (SIPCOT) Industrial Park. Initially created with 2,000 acres, the government plans to acquire another 1,500 acres to enlarge it. It is home to Tata Power Solar's photovoltaic (PV) and module manufacturing unit. Here, the 2,800-strong workforce has upwards of 60% women representation. This is a big-ticket project with a capacity of 4.3 GW each for cells and modules.

The sophisticated shop floor has multiple robots at work and is a world-class operation. It has benefitted from an existing base of educational institutions—technical and non-technical—that provides factories with quality labour.

ZOOMING AHEAD Once completed, the Regional Rapid Transit System (RRTS), will connect Meerut with Delhi

Haldia

Higher up the eastern coast there is Haldia in West Bengal. For Mrinal Kanti Bera, moving into Haldia in 2006 was a life-changing decision. Bera, 44, runs a restaurant near the Haldia port that caters to a wide array of locals—from daily wagers to white-collar employees from the port complex and manufacturing and refining industries. Starting off as a wage labourer, Bera has since turned into a successful entrepreneur.

"When I arrived here, there were hardly any permanent restaurants in the then newly promoted industrial area. Thus, after gathering some savings, I started on my own. I couldn't have achieved anything close to this if I had stayed in my village," says Bera, who hails from a village located some 50 km away from the port city.

Being a major industrial and cargo hub, Haldia attracts thousands every year, not only blue-collar workers from adjacent districts but also professionals in search of white-collar jobs. Apart from adding to its growing population pool and the local economy, the influx of migrants has effected a drastic change in the landscape.

Governed by the Haldia Development Authority, the town is finally seeing the launch of mid-scale housing projects. For a town that was familiar with standalone homes, projects such as gated community developments by the likes of Kolkata-based Shristi Group near the Haldia International Sports Complex are a major leap forward. The 35-acre residential project, with some 300 apartments, is one of the largest such developments in the region.

Moreover, the Union government's push for inland waterways is opening up new opportunities. Take the Varanasi-Haldia inland waterway project for instance. The project aims to boost exports of agricultural commodities and manufactured goods from Uttar Pradesh, which is expected to increase from ₹1.56 lakh crore in 2022 to ₹3 lakh crore by 2026.

There are challenges, however. Despite being the focal point of development of the state government for years, there are few large-scale infrastructural projects, apart from the dock complex and private industrial complexes. "Haldia has major potential, but we are yet to unlock it. While the region is currently self-sufficient in terms of amenities and infrastructure, it is likely to face challenges in the future as major projects are still missing," says Ramlal Sahu, who owns inland fisheries units.

The Road to the Top

While cities like Meerut, Vapi, Haldia, and Tirunelveli are undergoing rapid transformation, they face significant challenges. One major concern is the strain on existing infrastructure, which may struggle to keep pace with growing populations and expanding industries.

Additionally, the rapidly increasing demand for skilled labour may outstrip the current supply, posing hurdles for industries reliant on specialised expertise.

Policymakers will need to pay urgent attention to these cities, along with many others across India, to ensure that developmental gains are more dispersed and not concentrated in a few metropolises.

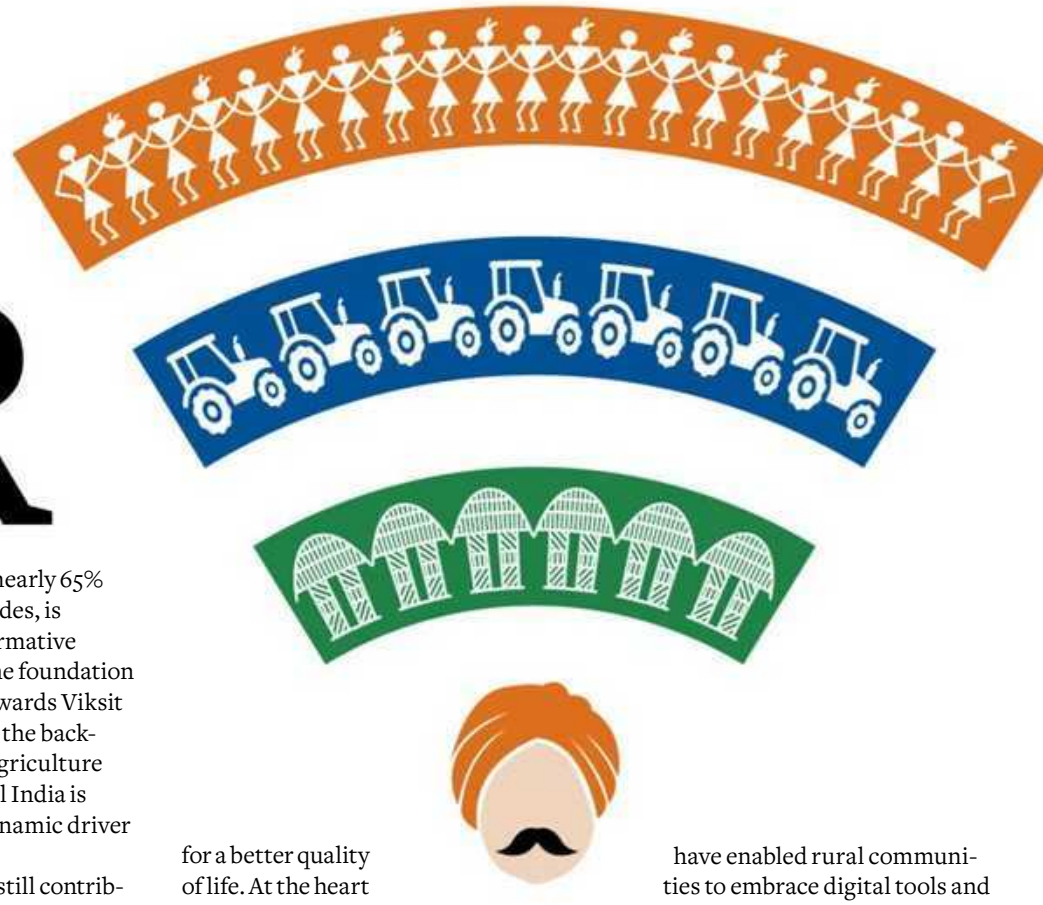
(With inputs from Krishna Gopalan, Arnab Dutta and Riddhima Bhatnagar) BT

@imNavneetDubey

RURAL INDIA: NEW GROWTH LEADER

Addressing the pressing challenges of climate vulnerability, infrastructure gaps, and skill development will be essential to unlocking rural India's full potential

BY **RAJESH SHUKLA,** MD & CEO, PRICE



RURAL INDIA, where nearly 65% of the population resides, is undergoing a transformative renaissance, laying the foundation for India's journey towards Viksit Bharat. Traditionally the backbone of the nation's agriculture and handicrafts, rural India is now emerging as a dynamic driver of economic growth.

While agriculture still contributes 15-18% to the national GDP (gross domestic product), rural areas are rapidly evolving beyond their agrarian roots. With rural consumption accounting for nearly 55% of total consumer spending, the demand for consumer goods such as two-wheelers, televisions, and smartphones is surging, often outpacing urban markets (PRICE's ICE360 survey, 2023). This transformation is fuelled by rising incomes, improved infrastructure, and growing aspirations for a better quality of life. At the heart of this evolution lies the confluence of digital transformation, government welfare schemes, and entrepreneurial energy.

The digital revolution has brought connectivity and technology to the doorsteps of rural households. By 2024, rural India boasted over 360 million internet users, growing faster than urban regions in adoption rates. Affordable smartphones and data services, coupled with initiatives like Digital India, have enabled rural communities to embrace digital tools and platforms. Apps like WhatsApp, with over 210 million Indian users, are now integral for communication, commerce, and even governance in villages. Social media platforms like Facebook and Instagram have empowered rural artisans, farmers, and businesses to connect with wider markets. Digital payments through platforms like UPI (Unified Payments Interface) have further integrated rural India into the formal economy, with 12 billion monthly transactions, a

ILLUSTRATION BY **TANMOY CHAKRABORTY**

growing share of which originates from rural areas.

Building on the digital transformation are the government's welfare schemes, which have been pivotal in driving rural development. Programmes like PM-Kisan Samman Nidhi, which transfer ₹6,000 annually to over 100 million farmers, have empowered small and marginal farmers to invest in better agricultural practices. Similarly, MGNREGA, which generated about 4 billion person-days of employment in the last fiscal year, provides a crucial safety net for rural households during times of economic distress.

Infrastructure-focussed initiatives, such as the Pradhan Mantri Gram Sadak Yojana, have improved connectivity to markets, schools, and healthcare by linking 97% of villages with all-weather roads. Meanwhile, schemes like the Saubhagya Yojana, which electrified millions of homes, and the Jal Jeevan Mission, which is delivering clean drinking water, have significantly improved living standards.

Complementing these government efforts is the entrepreneurial energy transforming rural innovation. Start-ups like DeHaat and AgroStar are empowering farmers by providing access to real-time advisory services, high-quality inputs, and market linkages. For example, DeHaat has onboarded over 1.5 million farmers, enabling them to adopt modern agricultural practices and improve profitability. Similarly, Stellapps, a dairy-tech start-up, uses technology to help small-scale dairy farmers enhance productivity and secure fair pricing for their produce. Platforms like Meesho are revolutionising rural e-commerce, enabling homemakers and artisans to sell their products online, bypassing intermediaries and reaching wider markets.

Additionally, organisations like Rang De and Mann Deshi Foundation are fostering financial independence by offering microloans and vocational training, particularly for rural women, encouraging entrepreneurship and economic empowerment. Together, these entrepreneurial efforts are not only creating local jobs but also nurturing a spirit of self-reliance across rural communities.

At the heart of rural India's evolution lies the mix of digital transformation, welfare schemes, and entrepreneurial energy

The opportunities for rural India in the vision of a Viksit Bharat are immense and multifaceted. Agricultural modernisation through the adoption of precision farming, efficient irrigation, and advanced storage infrastructure holds the potential to enhance productivity while reducing post-harvest losses. For instance, the adoption of drip irrigation has reduced water usage by 40% in some regions while simultaneously increasing yields. Similarly, renewable energy projects, particularly decentralised solar farms, offer a dual benefit of employment generation and energy independence.

Rural tourism is another untapped opportunity, with cultural heritage and natural landscapes providing a sustainable model for economic growth. Successful initiatives in states like Rajasthan and Kerala highlight how rural tourism can create jobs while promoting local culture. Moreover, programmes like Skill India and Digital Saksharta Abhiyan (DISHA) are equipping rural youth with industry-relevant skills.

However, despite this progress, there are challenges that could hinder rural India's journey to becoming a cornerstone of Viksit Bharat. Climate change continues to threaten agriculture, with erratic rainfall and rising temperatures increasing the risk of crop failures and food insecurity. Infrastructure gaps, particularly in healthcare and consistent electricity supply, still hold back many rural regions. While digital connectivity is growing, digital literacy remains a significant barrier, preventing many rural residents from fully utilising the tools and services available to them. Additionally, urban migration continues to deplete rural areas of skilled labour, exacerbating inequalities and leaving local economies vulnerable.

Despite these hurdles, rural India is no longer just a passive participant in the nation's growth story—it is becoming a leader. Addressing the pressing challenges of climate vulnerability, infrastructure gaps, and skill development will be essential to unlocking rural India's full potential.

The resurgence of rural India is integral to achieving the dream of a Viksit Bharat—a nation where prosperity and opportunity reach every village, every farmer, and every artisan. By blending traditional livelihoods with modern opportunities, rural India is setting benchmarks for innovation, inclusivity, and resilience. The path to India's future prosperity undeniably runs through its villages, making the rural renaissance a story of hope, progress, and boundless potential. BT

Views are personal

A NEW ERA OF EMPLOYMENT

India's hiring landscape is undergoing a shift. As industries increasingly adopt AI, robotics, and cloud computing, the demand for specialised talent is skyrocketing

BY **LOHIT BHATIA,** PRESIDENT, INDIAN STAFFING FEDERATION

INDIA'S DIGITAL ECONOMY is advancing at an extraordinary pace, driven by cutting-edge technologies like AI, robotics, and Industry 4.0. As the nation moves towards an AI-powered future, it's essential to focus on hiring, upskilling, and reskilling the workforce to maintain a competitive edge in the global landscape. From AI and cloud computing, to deep tech and robotics, the demand for specialised skills is growing exponentially.

The Changing Hiring Landscape

India is experiencing a dramatic shift in hiring practices as the demand for technical skills surges. More than ever before, companies are prioritising skill-based hiring, with 68% of recruiters focussing on abilities rather than traditional qualifications. This trend is most evident in emerging fields like AI, ML, cybersecurity, and cloud computing. For example, between 2022 and 2023, AI and ML job postings in India rose by 74%, reflecting the massive growth of these sectors.

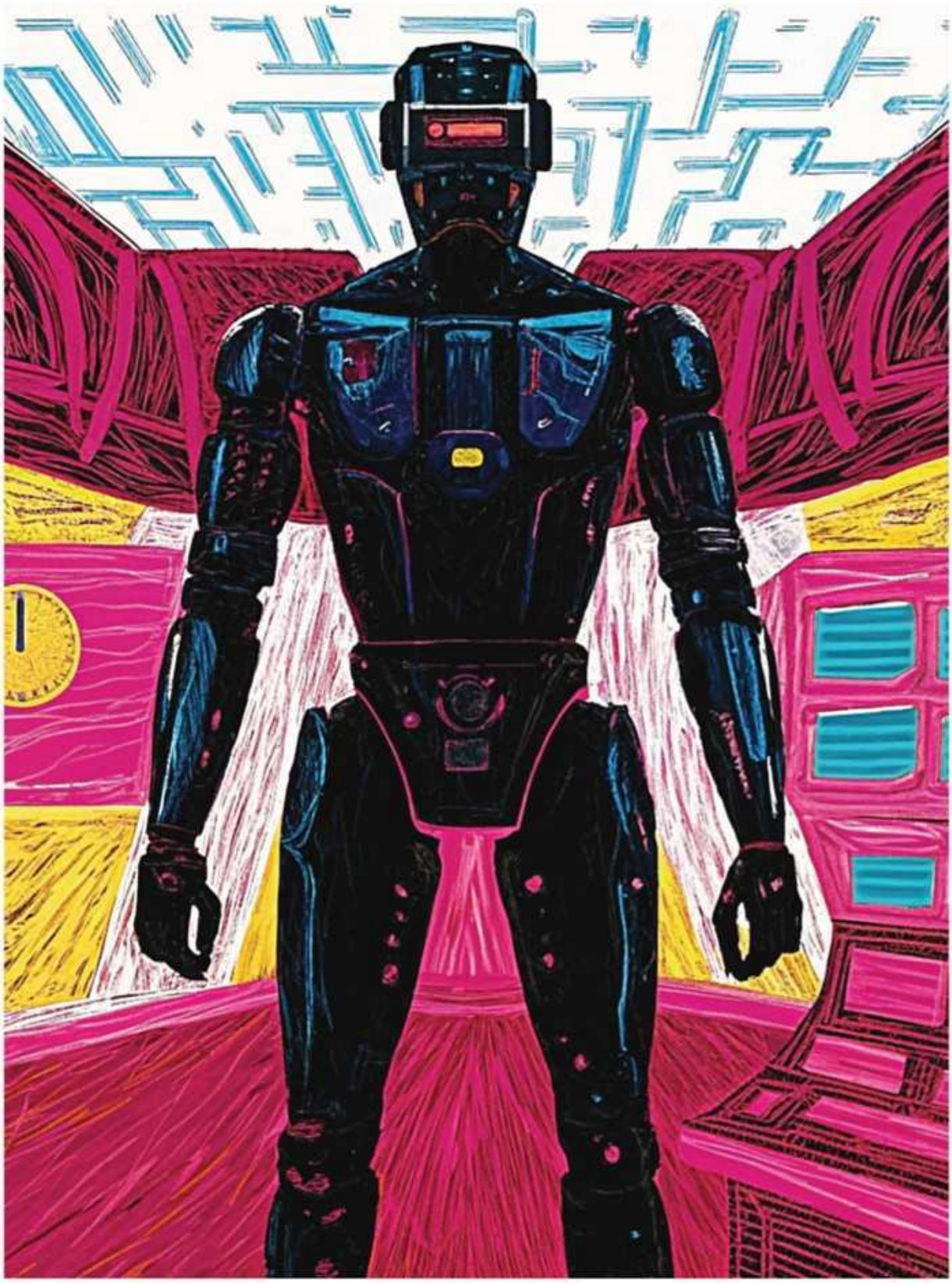
As industries increasingly adopt AI, robotics, and cloud computing, the demand for specialised talent is skyrocketing. The cloud market in India is expected to reach $13 billion by 2026, leading to a surge in demand for cloud architects and engineers. Similarly, cybersecurity roles are growing rapidly due to heightened cyber threats, especially in industries like BFSI and e-commerce.

Additionally, India's GCCs are expanding quickly, with 500 new centres expected by 2030, potentially creating between 600,000 and 800,000 new jobs. The rapid adoption of AI, automation, and Industry 4.0 technologies across sectors like healthcare, manufacturing, and e-commerce is driving this growth.

Upskilling for the Future

Upskilling is a vital component of workforce development. As new technologies emerge, organisations must invest in ongoing training to ensure that employees remain relevant. Many companies are implementing e-learning platforms that enable employees to upskill in emerging fields such as AI, data science, cybersecurity, and cloud computing. Along with that is the focus on areas that continue to have high demand—like software development, ERP, and DevOps—ensuring that the workforce remains at the cutting edge of technological advancements.

Government initiatives like 'Make in India' and 'Digital India' have further bolstered these efforts by encouraging the private sector to prioritise digital skills. The inclusion



ILLUSTRATIONS BY **RAJ VERMA**

of coding and digital literacy in school curriculums is also laying the groundwork for a digitally savvy workforce from an early age.

Alongside upskilling, reskilling is equally important, especially given the speed at which AI and automation are transforming the job market. AI is not just replacing traditional jobs; it is also creating new roles. By 2030, AI is expected to create 1.25 million new jobs in India across various sectors, including healthcare, finance, and technology.

Reskilling is not only cost-effective, but it also offers organisations a competitive advantage. Studies show that upskilling programmes can be 20-30% cheaper than recruiting externally, while also reducing onboarding times and fostering employee loyalty. This is why companies are emphasising internal reskilling efforts that not only improve productivity but also enhance employee engagement and retention.

As we move into an era dominated by AI and automation, upskilling and reskilling become more crucial. Professionals in fields like AI and deep learning will see a rise in demand. This will require both employers and employees to be proactive in learning and adapting to the rapidly-changing technological landscape.

Industry 4.0

Industry 4.0, the "Fourth Industrial Revolution", is reshaping sectors like manufacturing, healthcare, and logistics. By integrating AI, IoT, and robotics into production processes, India is leading the charge in this transformation. Industry 4.0 technologies like smart factories, digital twins, and 5G are opening up new opportunities for skilled workers in robotics, IoT, and data analytics.

In sectors like healthcare, robots are being used for patient care and monitoring, while in logistics, they are streamlining supply chain operations. With government-backed initiatives like 'Make in India' and 'Digital India', the robotics and automation sectors are poised for rapid growth. This presents a unique opportunity to bridge the skills gap by focussing on tailored training and development.

However, challenges remain. To fully capitalise on Industry 4.0, companies must collaborate with technology providers and focus on specific applications like predictive maintenance, customer-centric digital transformation, and automation. The key to success lies in bridging the skill gap, ensuring that employees are equipped to work with advanced technologies.

The digital economy presents immense opportunities for India, but only if the workforce is prepared. Companies believe that hiring, upskilling, and reskilling efforts are integral to ensuring that India remains competitive on the global stage. By investing in the right talent and equipping our employees with the skills needed for emerging technologies, we can harness the power of AI, robotics, and Industry 4.0 to drive innovation, growth, and productivity. BT

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DOMESTIC AIR PASSENGER TRAFFIC TO REACH 164-170 MILLION BY FY25-END

FLIGHT PATH

THE INDIAN AVIATION SECTOR IS PASSING THROUGH INTERESTING TIMES. WITH **600 NEW AIRCRAFT EXPECTED** TO BE ADDED BY 2030, KEY AIRPORTS OF NAVI MUMBAI AND NOIDA SOON TO START OPERATIONS, AND MORE TIER II AND III CITIES TO BE ON THE COUNTRY'S AVIATION MAP, THERE ARE ENOUGH TAILWINDS FOR GROWTH. YET, THE TWIN HEADWINDS OF **SUPPLY CHAIN CHALLENGES AND HIGH FUEL PRICES** CONTINUE TO IMPACT AIRLINES' PROFITABILITY

BY **RICHA SHARMA** • ILLUSTRATION BY **RAHUL SHARMA**

INDUSTRY LOSSES ESTIMATED TO REMAIN AT ₹2,000-3,000 CRORE IN FY25 AND FY26

600 AIRCRAFT TO BE ADDED BY 2030

400 AIRPORTS BY 2047 FROM 157 AIRPORTS CURRENTLY

CHALLENGES SUCH AS SUPPLY CHAIN ISSUES, ENGINE FAILURES, AND CREW SHORTAGES TO CONTINUE

A **MASSIVE GROWTH STORY** is unfolding in the Indian aviation sector, riding on peoples' aspirations to fly. The order book of Indian carriers is now more than 2X the size of the current fleet, the highest ratio of any major market.

With an order book of over 1,750 new aircraft in the narrow and wide-body segments, Indian aviation players have been on an aircraft shopping spree from Airbus and Boeing. The current fleet stands around 800 and another 600 are expected to be added by 2030.

Two major players—IndiGo and Air India—on average, are adding one aircraft every week. The trend is expected to continue in 2025 and increase from 2026 onwards. Indian carriers are expanding their presence in the international sectors, too, with wide-body aircraft to cater to long-haul and ultra-long-haul routes.

Infrastructure is also expanding with newer airports being made, improved in-flight facilities, and smaller cities making it to the country's aviation map. The number of airports has almost doubled to 157 in the past decade and the aim is to increase it 2.5X by 2047.

Besides, two major airports—Navi Mumbai and Noida International—once operational, are expected to ease the traffic burden in Mumbai and Delhi, while also providing better connectivity options.

What's driving the sector?

Rising travel demand and increased capacity deployment have helped the domestic air passenger traffic in India grow at 6-10%, according to various agencies.

"The growth is attributed to various factors such as rising incomes, growing fleet, and expanding network," Pushan Sharma, Director-Research of consult-

ORDER BOOK OF INDIAN AIRLINES

INDIAN CARRIERS' ORDER BOOK IS MORE THAN 2X THE SIZE OF THE CURRENT FLEET

INDIAN AIRLINES ARE EXPECTED TO HAVE A REGISTERED FLEET OF OVER 800 AIRCRAFT BY END OF FY25, BUT 120 ARE EXPECTED TO BE GROUNDED DUE TO SUPPLY CHAIN AND OTHER ISSUES

CURRENT FLEET AND ORDER BOOK OF INDIAN AIRLINES

Airline	Current fleet	Aircraft on order	Estimated grounded aircraft by March 2025	Projections for March 2025
IndiGo	395	950	70+	410
Air India	300-304	570	30	315-319
Akasa Air	25	201	0	25-26
SpiceJet	56	129	20+	56
Total	776-780	1,765	120+	806-811

SOURCE CENTRE FOR AVIATION

ing firm CRISIL Market Intelligence & Analytics, tells *Business Today*.

"With the latest technology, fuel efficiency, and comfort features, the new aircraft will modernise the Indian aviation industry, reducing operating costs and emissions while enhancing the passenger experience," says Sharma.

Massive fleet orders from Air India, IndiGo, and Akasa Air will drive significant capacity expansion and modernisation in the Indian skies. SpiceJet's recapitalisation in 2024 has paved the way for a strong carrier to emerge, provided it continues to receive investments.

IndiGo, with the largest market share of over 61%, has placed a mega order of 950 aircraft, including A350-900 wide-body ones to support its evolving business model, featuring a new business class and frequent-flyer programme. The wide-body aircraft will enable IndiGo to expand its international presence.

Air India, too, has placed a top-up order of 100 Airbus planes, along with the existing 470. Akasa and SpiceJet are also slowly increasing their fleet.

However, enthusiasm is more tempered in the industry. Jitender Bhargava, former executive director of Air India, says industry insiders have questioned the huge order book. "Delivery is over a staggered period like the next 8-10 years. A lot of existing aircraft will have to be phased out once they complete 15 years. Certain leased aircraft inducted to meet market growth will be replaced with new ones," Bhargava tells *BT*.

COMPETITIVE AIRFARE

As airlines strive to maintain passenger load factors, airfares are expected to remain competitive in 2025. In a price-sensitive market like India, airfares have not seen massive growth, except the post-Covid surge when air travel resumed, compared to air passenger growth of over 60% since 2015.

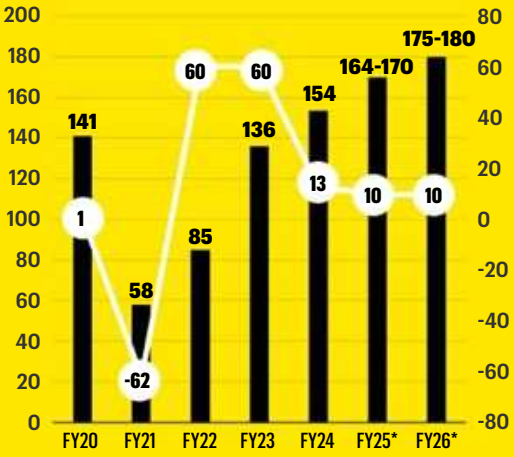
The Ministry of Civil Aviation recently said airfares have moderated in 2024 compared to 2023 as there was a notable decline in ticket prices in various routes during festival seasons on account of growth in seat capacity and moderated demand, compared to post-Covid levels.

Bhargava says, unfortunately, no sector gets scrutinised on the basis of cost as much as the airline industry. "Air India and IndiGo both have a huge order of aircraft and if you [companies] kill the growth by charging exorbitant fares, then how will you fill up the aircraft post-induction. It is in the industry's interests to keep the market growth sustainable and affordable," he says.

However, he argues that the airline industry is capital intensive with interests being paid on capital, aircraft lease rentals, and pilot and aircraft maintenance cost is going up along with high fuel prices and taxes.

"Some state governments have a sales tax of 20-25% on ATF, or aviation turbine fuel. Look at the airline costing as well—how many airlines have shut down in 15-20 years. [You know] there has to be something fundamentally wrong when two professionally managed airlines,

DOMESTIC PASSENGER TRAFFIC



● PASSENGER TRAFFIC IN MILLION (LHS)
● YoY CHANGE IN % (RHS)
*PROJECTIONS (OF 7-10% GROWTH) **SOURCE** ICRA

PUSHAN SHARMA
DIRECTOR-RESEARCH, CRISIL MARKET INTELLIGENCE & ANALYTICS

THE GROWTH [IN AIR PASSENGER TRAFFIC] IS ATTRIBUTED TO VARIOUS FACTORS—RISING INCOMES, GROWING FLEET, AND EXPANDING NETWORK

KAPIL KAUL
SOUTH ASIA CEO, CAPA INDIA

IN FY24, THERE WAS A 50% LOSS REDUCTION AT AIR INDIA, AND AIR INDIA EXPRESS AND VISTARA REPORTED NEAR BREAK-EVEN

IndiGo or Vistara (before it merged with Air India), can't make money on a sustainable basis," Bhargava adds.

Aviation consultancy firm CAPA India believes profitability challenges are expected to continue in FY25, and combined capacity expansion by IndiGo and Air India could outpace GDP growth.

"In FY24, there was a 50% loss reduction at Air India, and Air India Express and Vistara reported near break-even," says Kapil Kaul, South Asia CEO, CAPA India.

IndiGo posted a net loss of ₹986.7 crore in Q2FY25 due to rising fuel costs, increased airport charges, higher aircraft leases, grounded planes, seasonal downturn, and lower yields in the international market.

HEADWINDS AHEAD

Even with an increase in the number of flyers, the domestic aviation industry faces major challenges. Elevated ATF prices, depreciation of the INR vis-à-vis the USD, and supply chain issues may continue in 2025.

Fuel costs account for 30-40% of an airline's expenses, while 35-50% of an airline's operating expenses—including aircraft lease payments, fuel expenses, and a significant portion of aircraft and engine maintenance expenses—are denominated in dollar terms.

Disruptions in the supply chain have forced certain airlines to ground some of their aircraft. Besides, developments elsewhere, too, have had a huge impact. For instance, Boeing has faced a delay in delivery due to scrutiny in the US over safety lapses.

Rating agency ICRA said engine failure issues will also continue to plague performance. "It is estimated that almost 144 aircraft i.e. 16-18% of the total industry fleet as of September 30, 2024, have been grounded. But the share has been reducing. In addition, global supply chain issues have affected the availability of aircraft, engine and parts," it said.

Pilot shortage, especially of Commanders, is likely to continue with some Middle Eastern carriers recruiting aggressively, and as IndiGo starts recruiting for wide-body operations, highlights CAPA.

ICRA further notes the available seat kilometre (ASM) in FY25 has also been impacted due to pilot- and cabin crew-related challenges in select airlines.

Increased operating expenses towards the cost of grounding, increased lease rentals, wet leases, rising lease rates and lower fuel efficiency (due to replacement by older aircraft taken on spot lease) adversely impacted airlines' cost structure in 2024.

Despite these strong headwinds, rating agencies have given a stable outlook for the industry till the end of FY25. The Indian aviation sector is expected to strap on the seat belt and soar, driven by increasing passenger traffic, evolving market dynamics, and expanding domestic and international operations. BT

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NEED FOR REGULATORY FRAMEWORK

Call to action for "Data Daan" is the need of the hour to build a national movement on donating data for a digital India, where AI models accurately reflect the Indian context

BY **SHASHI SHEKHAR VEMPATI,** CO-FOUNDER, AI4INDIA.ORG; FORMER CEO, PRASAR BHARATI

THE RECENT GLOBAL Partnership for Artificial Intelligence, GPAI, Summit 2024, held in Belgrade, Serbia, was witness to growing concerns around AI safety and related regulations. With Europe's predilection for regulations that often tend to privilege protection against harms over freedom to innovate, the EU's AI Act consultations and the upcoming AI Action Summit in Paris dominated the conversations.

Regulatory thinking in India, it would seem, stands somewhere in between the EU's approach and the approach of the US, which has traditionally privileged innovation over overly burdensome regulations. The India AI Mission has gained momentum with the Prime Minister Narendra Modi-led NDA government in its third term pushing ahead with efforts to create a public GPU cloud and the mission to make public datasets. However, a debate rages on where India must place its priorities between creating India-specific sovereign foundational models or whether India must build on its manpower strengths as the use case and AI applications capital of the world while leaving the core technology development to big-tech majors elsewhere. It is in this context that one must address the question of what kind of regulatory framework India needs to put in place at this time.

While AI's potential to revolutionise industries is paralleled by risks that, if left unchecked, could jeopardise societal well-being, we in India have to be seized of issues such as algorithmic bias and data misuse given the manner in which the current foundational models have been trained, glossing over ethical dilemmas of copyright issues as well as concerns over cultural and linguistic diversity. In human resource-rich India, an additional area of concern is AI's disruptive influence on employment, given the likelihood of automation replacing certain types of jobs. The challenge for the Indian government would be to evolve the regulatory framework along pathways that do not stifle innovation but channel it responsibly without compromising public and national interest.

AI is unlike all previous waves of technology, given its propensity for not just non-linear but potentially exponential growth. While historically in India regulations have always lagged behind technological advancement with regulators having to play catch-up, in the case of AI, the capacity and skills gap is both steep and wide. Much like the manner in which global tech platforms for social media and video sharing have created a borderless world for content dissemination and foreign influence, the open availability over the internet of AI models has meant that the digitally savvy Indian consumer is several generations ahead of Indian regulators in the use of technology.

Between the amendments to the IT rules and the Digital Personal Data Protection (DPDP) Act, the NDA government has laid a regulatory foundation for managing the AI-driven data ecosystems. However, this foundation will be stress tested on several fronts and will need to evolve with agility and technical sophistication with the use of regulatory sandboxes to keep up with the trajectory AI systems will likely take. It is important to recognise the following India-specific imperatives that must guide the regulatory priorities within India, unlike the developed West, where AI safety and fears of an all-powerful AI have dominated the regulatory debate.

Firstly, it is important that we in India recognise that for AI models to adequately address uniquely Indian needs, they will require a vast body of publicly accessible Indian datasets. From written text to spoken words, from visual imagery to cultural artefacts, we will not only have to digitise India's diverse socio-cultural contexts but will have to put in place a framework by which Indian public

AI GENERATED IMAGE BY **HARDIK CHHABRA**

bodies, institutions, corporations, and organisations are motivated to make their datasets public voluntarily. A call to action for "Data Daan" is the need of the hour to build a national movement on donating data for a digital India, where AI models accurately reflect the Indian context. Such a national call to action could also empower Indian developers and researchers to address the requirements of uniquely Indian use cases through indigenous models.

Secondly, it would be to India's advantage to tap its vast human resource pool to provide value-added data services focussed on annotating and enriching these public datasets to aid and accelerate in model training and development. Data enrichment services that require both data skills and specialised knowledge of specific domains could drive the next wave of AI-era jobs but could also position India as a global service provider for these services requiring deep domain knowledge.

It would be to India's advantage to tap its vast human resource pool to provide value-added data services focussed on annotating and enriching public datasets

Lastly, vast portions of India's public sector that have lagged in digitalisation have the unique opportunity to leapfrog into the AI era without the baggage of legacy IT systems and unfriendly interfaces, which have largely contributed to the digital divide. From education to local governance, we have the opportunity with AI to bridge the digital gap in the last mile of public service delivery by overcoming language barriers and capacity limitations of our public bodies through a new class of AI-enabled digital public goods.

India, with its demographic dividend and technological prowess, can strike a different regulatory path that not only embraces but also safeguards societal interests. It has the opportunity to show the world the way to keep developmental priorities front and centre in the evolution of AI systems. BT

Views are personal

SMARTER MONEY AHEAD

AI HAS MADE MONEY MANAGEMENT EASIER BY TRACKING AND ANALYSING FINANCIAL HABITS TO PROVIDE TAILORED STRATEGIES

BY **TEENA JAIN KAUSHAL**

RISING PROWESS OF AI

AI ENHANCES RISK ASSESSMENT BY ANALYSING BEHAVIOUR AND PREDICTING OUTCOMES

AI STREAMLINES WEALTH MANAGEMENT BY AUTOMATING TASKS AND IMPROVING SERVICE

IT IS TRANSFORMING DIGITAL LENDING WITH MORE ACCURATE CREDIT EVALUATIONS

ACCOUNT AGGREGATORS ENABLE SECURE, CONSENT-BASED SHARING OF FINANCIAL DATA

AI-POWERED TOOLS PROVIDE PERSONALISED FINANCIAL ADVICE BASED ON TRANSACTIONAL PATTERNS

IN TODAY'S ARTIFICIAL Intelligence (AI)-driven world, everything is just a click away—from munchies to mobile phones. Financial management in India is not far behind. AI is reshaping how people budget, invest, and borrow. A report by PwC India, a professional services brand, released in August titled "Mapping the Fintech Innovation Landscape in India", revealed that 90% of Indian financial institutions are focussing on AI and Generative AI (GenAI).

This shift aligns with consumer behaviour in metro cities, where 70-80% residents regularly use mobile apps. As a result, managing personal finances through apps has become the norm.

In addition to the rise in mobile app usage, India's Digital Public Infrastructure (DPI), including Aadhaar, UPI, DigiLocker, and the Account Aggregator (AA) ecosystem, has created a favourable environment for AI to thrive in.

B. G. Mahesh, CEO of Sahamati, an account aggregator, concurs. "Aadhaar has established a standardised identity framework, while UPI has significantly popularised digital transactions," he says. These innovations have generated robust digital footprints or "digital assets", unlocking new possibilities for data-driven financial services like collateral-free loans, he adds. "However, much of this data was historically siloed".

Here's how AI is changing financial habits:

MONITORING EXPENSES

AI has simplified financial management by studying spending habits, transaction patterns, and investment choices to forecast needs and recommend tailored strategies. It excels in analysing past behaviour to predict future actions and build precise risk profiles of investors.

For example, there are apps available that provide a unified view of bank balances, send reminders for recurring payments, and analyse spending trends. They are built on the foundation of Account Aggregators (AA). "While AAs don't use AI themselves, their consent-based data-sharing system creates a foundation for AI-powered solutions that add value for customers," Mahesh explains.

AAs—introduced in 2016 as a category of RBI-regulated NBFCs—enable individuals to securely access and share financial data across institutions with explicit, informed consent. Through this consent management service, AAs act as a single point of contact for customers to give, manage, review, and withdraw consents from Financial Information Users (FIUs) to access their data from Financial Information Providers (FIPs). The AA ecosystem, publicly launched in 2021, facilitates seamless sharing of financial data from sources like banking, investment, insurance, pensions, and GSTN, explains Mahesh.

Several banks and apps like Cred Money are leveraging these advancements. They track spending patterns, categorise expenses by merchant type, and provide actionable insights. As an FIU under the AA framework, many money management apps are using AI and transforming personal finance management in India.

EFFECTIVE CUSTOMER SERVICE

Financial institutions have been increasingly leveraging AI for automating operational tasks and enhancing customer service. Chatbots and virtual assistants powered

WHAT FACETS OF BUSINESS WOULD GEN AI IMPACT?

CUSTOMER EXPERIENCE IS THE MOST IMPORTANT FACET THAT GEN AI IS EXPECTED TO IMPACT

WHAT FACETS OF BUSINESS WOULD GEN AI IMPACT?

75% CUSTOMER EXPERIENCE

68% DRIVING INNOVATION

51% COST REDUCTION

40% REVENUE ACCELERATION

14% OTHERS

SOURCE EY REPORT

AI IN FINANCE

Area of Application	AI Technology Used	Purpose/ Benefit
Risk Assessment	Predictive analytics	Predicts future actions, assesses risk profiles
Customer Service	Chatbots, Virtual assistants	24/7 support, handling queries, account updates
Fraud Prevention	Anomaly detection, Machine learning	Identifies fraud by detecting unusual patterns
Investment Strategy	Robo-advisors, Personalisation algorithms	Offers customised investment recommendations
Document Validation	Optical Character Recognition (OCR)	Verifies identity documents, reduces errors

by AI efficiently handle queries and resolve basic operational issues. By offering round-the-clock support, AI ensures a seamless client experience.

Take for example ICICI Prudential Mutual Fund's use of AI. "We've implemented AI-driven solutions across various functions, including automated customer service and intelligent virtual assistants," says Abhijit Shah, Head of Marketing, Digital, and Customer Experience at the asset management company.

AI is also making document verification and fraud prevention easier. AI tools speed up the process, verifying documents quickly and accurately. Additionally, AI helps spot fraud by analysing transaction patterns and market data in real time. It can identify unusual activities that may signal fraud.

Technology, which is already helping in streamlining operations and increasing accessibility, has the potential to further enhance decision-making of investors.

"As technology evolves, its potential to deliver customised, data-driven advice and improve efficiency will redefine the investor experience," says Himanshu Kohli, Co-founder of Client Associates, a wealth management company.

And how will AI achieve that? Kohli is of the opinion that AI will enhance decision-making for wealth advisors by providing real-time market insights.

The advent of robo-advisors is also driven by technological advances and AI. As Indian investors embrace digital solutions, robo-advisors are reshaping wealth management by offering tailored, data-driven services. "While robo-advisors have already gained significant traction in the US, their adoption in India is on the rise, supported by the growing demand for affordable, tech-enabled financial advisory services," says Abhijit Roy, Co-founder and CEO of GoldenPi Securities, a Sebi-licenced debt broker.

RISE OF DIGITAL LENDING

AI is also revolutionising digital lending by improving the evaluation of creditworthiness. Traditional methods of assessing creditworthiness often rely on credit reports and bank statements, which may not offer a complete picture, especially for new or underbanked customers. AI can, however, analyse a broader range of data.

Anil Sinha, CTO of Fibe, a digital lending platform, explains, "Fibe uses advanced AI/ML algorithms to create tailored lending experiences. By analysing customer profiles and financial behavior, we recommend the most suitable financial products."

AI is also enhancing decision-making in areas like healthcare loans. Fibe's 'Doctor AI' tool analyses medical bills and invoices, making it easier to process healthcare financing applications.

"While AAs don't use AI themselves, their consent-based data-sharing system creates a foundation for AI-powered solutions that add value"

B. G. MAHESH
CEO, SAHAMATI

"As technology evolves, its potential to deliver customised, data-driven advice, and improve efficiency will redefine the investor experience"

HIMANSHU KOHLI
CO-FOUNDER, CLIENT ASSOCIATES

LOOKING AHEAD

While AI is transforming how investors interact with financial services, limitations remain. Kohli notes, "It [AI] lacks the ability to account for emotional nuances and struggles with the dynamic aspirations of individuals. During unprecedented market events, its reliance on historical data may lead to errors. Moreover, excessive reliance on AI tools can lead to missed opportunities, and investors with limited financial knowledge may find AI-generated insights overly complex." Hence, balancing AI with human input is crucial.

Shah of ICICI MF, also points out, "AI has the potential to revolutionise the way investors make financial decisions. However, it should always be used in conjunction with human expertise. A balanced approach, combining the strengths of both human and artificial intelligence, will ensure the best possible outcomes for investors."

Gone are those days when one had to stand in lengthy queues to get even the tiniest amount of information. But as with many great inventions, AI also requires further adjustments to make the technology error-free and more accessible to non-urban areas. Is 2025 the year it fulfills that target? That remains to be seen. BT

@teena_kaushal

QUALITY STOCKS MAY OUTPERFORM

Rural consumption is poised to revive, supported by expanding organised retail, better infrastructure, rising household incomes, and government schemes

BY **NILESH SHAH,** MD, KOTAK MAHINDRA ASSET MANAGEMENT COMPANY

THE FESTIVE AND ongoing wedding season, along with strong rural consumption, are boosting sectors like apparel, vehicles, and two-wheelers, while government spending needs to rise significantly to meet Budget targets and fuel infrastructure projects. These factors are supporting economic growth and the equity market.

The combined spending on festivals, weddings, and government is estimated to see a huge increase from ₹4.2 lakh crore in the first half (H1) of FY25 to ₹6.9 lakh crore in H2FY25. Additionally, higher rural wages are supporting discretionary spending, boosting demand for consumer goods.

Private sector capex is reviving with an improvement from ₹5.4 lakh crore in FY21 to ₹9.4 lakh crore in FY24. This was led by government incentive policies and demand recovery across sectors like oil & petrochemicals, power, telecom, and automobiles & ancillaries.

Meanwhile, as a result of the US-China tariff war, the former has reduced Chinese imports sharply from November 2016 to July 2024, benefitting India as an alternative manufacturing base.

In the current market, with price-to-equity (P/E) expansion being unlikely, investors could focus on companies with strong earnings potential. The era of 30% annual returns from small- and mid-cap stocks may be over, requiring a shift in expectations. Sectors like private banks, auto, telecom, pharma, and IT are trading below historical averages and offer value, while areas like Railways and defence may be overvalued. Quality stocks with strong fundamentals are likely to outperform momentum-driven ones. Strategic stock picking and sector rotation will be key to navigating the current market environment.

Here are some key themes that can drive the equity market in 2025:

Recovery of the Investment Cycle

India is entering a crucial multi-year capex cycle, set to drive significant economic growth. Corporate order books are expanding across sectors, reflecting the broad scope of this cycle. Project costs have risen to an all-time high of ₹55 lakh crore, suggesting a robust capex recovery. This has been fuelled by favourable policies and improved economic sentiment. The rise in combined capex of the government and listed corporates highlights India's focus on infrastructure, industrialisation, and private-sector-led growth. The Centre's increasing capex signals strong support for infrastructure development, aligning with the surge in corporate investment.

Penetration of Financial Services

Financial services is a diverse space with varying performance across subcategories. The gap between bank credit growth and deposit growth is narrowing, which could alleviate margin pressure. Banks have witnessed strong return ratios and improved capital adequacy, decreasing the need for fresh capital and helping to maintain shareholder value. Valuations within the banking sector remain attractive relative to the broader market, aligning closely with long-term averages for both public and private banks.

Technology: Cutting-edge Solutions

Spending on IT services is expected to improve, with higher spending on cloud services fuelled by scalability, cost efficiency, and agility. India is expanding its of-

ILLUSTRATION BY **RAJ VERMA**

Quality stocks with strong fundamentals are likely to outperform momentum-driven ones. Strategic stock picking and sector rotation will be key

ferings in new-age services such as AI, blockchain, and cybersecurity, positioning itself as a key player in the global technology landscape. One of the key drivers for the sector is the rise of generative AI (artificial intelligence). AI demand is expected to grow 15 times from 2022 to 2027.

Consumption Recovery

India's consumption sector has shown a mixed recovery post-Covid, with premium products doing well while mass consumption lagged. Urban consumption has outperformed rural so far, though rural spending is now showing signs of recovery. The rise in nuclear families, from 34% in 2008 to 50% in 2022, has fuelled discretionary spending and driven consumption growth. The shift from unorganised to organised retail is also a key growth driver. Rural consumption is poised to revive, supported by expanding organised retail, better infrastructure, rising household incomes, and government schemes.

Healthcare Spending on the Rise

Healthcare spending in India is set to rise with increasing per capita GDP (gross domestic product). The rising elderly demographics are leading to increasing medical spending. As a major producer of pharmaceuticals, vaccines, and medical devices, India is well-positioned to meet the global and domestic demand. With rising incomes and healthcare awareness, emerging markets like India are poised for rapid healthcare growth. India is also becoming a top outsourcing destination for contract development and manufacturing organisations (CDMOs), driven by cost advantages, favourable policies, and shifts in global supply chains. Additionally, the growing market for small molecule discovery and rising R&D investments present significant opportunities. BT

Views are personal

SIP BY SIP IN 2025

Investors should opt to build a diversified equity portfolio comprising stocks of companies with strong fundamentals

BY **RADHIKA GUPTA,** MD & CEO, EDELWEISS ASSET MANAGEMENT LTD

ILLUSTRATION BY **TANMOY CHAKRABORTY**

WHEN THE STOCK market turns volatile, many investors find it difficult to hold on to their investments. A few investors pause their systematic investments. The mind is designed to avoid loss, and many investors find it difficult to digest even marked-to-market loss due to falling stock prices. In a volatile market, investing becomes tougher. Investors, however, can use volatility to their advantage. Here are a few practical lessons:

No Panic Decisions

Securities markets tend to go through rough phases. Investors should be mentally prepared for such a phase. Falling stock prices and the resulting downward-

trending net asset values of the mutual fund schemes are no aberration. It has happened in the past and will happen in the future. When volatility strikes, avoid selling in a panic. Instead, take stock of the situation by figuring out two things: the risk-reward associated with the portfolio the investor holds and the risk-taking ability of the investor.

An investor should figure out her ideal asset allocation in light of her financial goals and risk-taking ability. For example, for an aggressive investor looking to fund long-term financial goals such as retirement, it makes sense to allocate more to a multi-cap or flexi-cap equity portfolio. However, for an investor keen to invest for a short term—say, a year or two—it makes sense to restrict her investments to fixed-income instruments only.

Even within asset classes, allocations to sub-segments should be checked.

For example, an aggressive investor may be comfortable holding a large allocation to a small-cap equity scheme. However, an investor with a moderate risk profile looking to invest in equities should be better off holding a large-cap oriented equity portfolio.

This assessment should help investors figure out if there is a mismatch between the ideal portfolio they should hold and the portfolios they are holding.

Take Corrective Steps

A mismatch is usually cause for concern for most investors, and acting on it can ensure peace of mind. If an investor is over-allocated to equities, then she should switch to less volatile asset classes such as fixed income. Moving from high-risk segments, such as small-cap equity funds or sectoral schemes, to large-cap oriented equity funds can reduce risk for investors over-allocated to equities.

Diversify, Be Disciplined

Among most investors heavily invested in equities, those who panic first are those who run concentrated equity portfolios. Direct equity investors in stocks of companies with questionable fundamentals may face maximum heat.

Hence, investors should opt to build a diversified equity portfolio comprising stocks of companies with strong fundamentals. Most investors may not have the time, skill, or the orientation to do so. In such circumstances, diversified equity schemes—multi-cap, flexi-cap equity schemes—can offer the solution. Investors with moderate risk profiles may be better off investing in multi-asset funds and aggressive hybrid funds.

Investing across asset classes does not mean the investor loses an opportunity to earn high returns at portfolio levels had she invested only in equities. Diversified portfolios not only contain downside but also offer healthy risk-adjusted returns in the long term.

Mutual funds offer regulated investment vehicles to invest across asset classes with a disciplined investment approach. These professionally crafted portfolios are more likely to withstand volatility compared to those designed by amateurs.

Volatility can be the best friend of a long-term investor. It can offer opportunities to own quality portfolios at throwaway prices

Stagger and Scoop Up

Novice investors finding it difficult to invest in a volatile phase should note that volatility at the time of investment tends to reward in the long term, as it reduces the average cost of buying. Hence, continue with systematic investment plans (SIPs). Investors continuing with their SIP should aim to add more on sharp declines.

These incremental investments over and above the SIP tend to boost the corpus size over the long term. Rather, volatile phases are the best to begin investments for first-time investors. Investors keen to deploy a large lump sum in equities can route their investments through a systematic transfer plan (STP).

To sum up, volatility can be the best friend of a long-term investor. It can offer opportunities to own quality portfolios at throwaway prices.

Over a period of time, downward volatility recedes as the macroeconomic situation improves and corporate earnings growth catches up. Stock prices respond, and the NAV of mutual fund schemes looks up. An asset allocation-driven approach to investing can be a long-term solution to navigate volatility in the stock market and create wealth over a period of time. BT

Views are personal. Mutual fund investments are subject to market risks; read all scheme-related documents carefully

THE FUTURE IS INVESTING

As technology continues to evolve, the vision of a financially empowered India is closer than ever before

BY **LALIT KESHRE,** CO-FOUNDER & CEO, GROWW

INDIA HAS TRADITIONALLY been a nation of savers. The financial aspirations of millions of Indians have centred on multiple savings avenues.

Today, technology is rewriting this narrative. New-age platforms are driving a transformation from saving to investing, thereby enabling Indians to embrace wealth-creation opportunities across diverse financial instruments. This shift is not just a financial revolution—it is a cultural revolution.

Data from the RBI highlights a shift in how Indians manage their savings. Mutual fund investments (as a percentage of household savings) have grown from 2% in 2020 to 6% in 2023. This trend signals how technology has empowered Indians to move from being savers to active investors.

Tech Revolution

Over the past decade, the integration of banking, Aadhaar, and mobile technology has established a robust foundation for large-scale financial inclusion in India. These transformative initiatives have empowered individuals across the nation with seamless access to a wide range of investment products. This evolving landscape has also created a fertile environment for private players and start-ups to innovate, offering solutions that simplify and enhance the investing experience.

Tech-first platforms today make investing simple and accessible, offering jargon-free insights into financial products such as mutual funds, stocks, and ETFs.

User-friendly interfaces demystify complex concepts, enabling anyone with a smartphone to begin their investment journey and make informed decisions aligned with their goals.

Technology is playing a key role in improving financial inclusion. Investing is no longer limited to urban India

Driving the Mindset Shift

The shift from savings to investing can be attributed to several factors, with technology at the core:

- **Ease of onboarding:** With the integration of Aadhaar and DigiLocker, opening an investment account has become quick and hassle-free
- **Anywhere access:** With mobile apps, customers can monitor and manage investments anytime, from anywhere
- **Thrust on financial education:** Customer education initiatives undertaken by investment platforms, exchanges, and regulators are now reaching millions of customers
- **Automation:** Features like SIPs automate disciplined investing, making regular contributions manageable and predictable
- **Transparency:** Real-time notifications, portfolio insights, and cost breakdowns ensure investors are always in control

Expanding Financial Inclusion

As of September 2024, the number of mutual fund investors in India crossed 50 million—from 30 million in 2019. Technology is playing a key role in improving financial inclusion. With mobile and internet access expanding into Tier III and IV cities, investing is no longer

ILLUSTRATION BY **RAJ VERMA**

limited to urban India. Low-entry schemes, starting at just ₹100, are helping low-income groups participate in wealth creation.

Women are increasingly shaping the financial ecosystem. Over the past year, women's participation in mutual funds has doubled on Groww, particularly driven by investors beyond metro cities.

Addressing Challenges

While the benefits are undeniable, the transition to a tech-enabled investing culture comes with its own set of challenges:

- **Navigating behavioural tendencies:** While technology simplifies investing, users must balance convenience with informed decision-making. Emotional reactions to market fluctuations or short-term trends can impact long-term financial goals, highlighting the importance of continuous financial education
- **Avoiding fraud:** Ensuring the safety of personal data and investments is paramount as technology adoption grows
- **Limited accessibility for the elderly:** While younger generations adapt easily to digital platforms, older demographics often struggle with technology adoption, leading to potential exclusion from modern investment opportunities
- **Regulatory and compliance challenges:** In some cases, the rapid evolution of fintech platforms has outpaced regulatory frameworks. Ensuring compliance with evolving regulations is crucial to maintaining trust and protecting investors

Overcoming these barriers will require a concerted effort from all stakeholders, including financial institutions, regulatory bodies, and technology providers.

The Road Ahead

The shift from saving to investing marks a fundamental change in India's financial mindset. This journey is not just about numbers—it's about building confidence, fostering financial literacy, and promoting disciplined investing habits.

As technology continues to evolve, the vision of a financially empowered India is closer than ever before.

By making wealth creation accessible to every corner of the country, the future holds the promise of shared prosperity and greater financial independence. BT

Views are personal

WILL IPOs BOOM AGAIN IN 2025?

In the coming year, as many as 32 companies have Sebi approval to raise ₹42,000 crore, while another 55 looking to raise ₹1.15 lakh crore are awaiting approval

BY **PRANAV HALDEA,** MD, PRIME DATABASE GROUP

AI GENERATED IMAGE BY **HARDIK CHHABRA**

PRIMARY MARKET activity always follows a buoyant, or at least, a stable secondary market, albeit with a lag. Ever since Covid-19 struck in March 2020 and indices hit significant lows, the market sentiment has bounced back with a vengeance, leading to a secular run-up, with the indices now almost at all-time highs, despite the recent correction.

Commensurately, there has been significant activity in the IPO (initial public offering) market as well. While 2020 saw ₹26,612 crore being raised through main-board IPOs, the good run continued in 2024 with an all-time high of ₹1,52,629 crore being raised (as of December 13).

From various accounts, the Indian secondary market seems poised to continue its stellar run on account of political stability, several favourable macroeconomic indicators, and abundant liquidity from both domes-

tic and foreign investors. The impact of this shall be felt in the primary market too. The pipeline is incredibly strong; as many as 32 companies have Sebi approval to raise ₹42,000 crore, while another 55 companies looking to raise ₹1.15 lakh crore are awaiting approval from Sebi.

New filings are also likely to see a significant spurt in the coming months. Importantly, unlike in the recent years when a large number of companies going for IPOs were from the BFSI (banking, financial services, and insurance) sector, most IPOs in the last two years and also those in the pipeline span multiple sectors.

Another strong trend that shall only become more pronounced is that of companies backed by private equity investors coming to the market, where such investors are able to exit their investments. This is unlike the past decades when the majority of companies were raising risk capital directly from the retail investors, causing huge harm.

In more good news for investors, investing in IPOs has become far simpler and more efficient. From months being taken by a tedious physical process, listing is now happening in just three days after issue closing. The application process too has been significantly simplified and is now just a matter of a few clicks on a mobile phone. Sebi's increasing use of technology across the entire marketplace operation is delivering cost efficiencies and also better monitoring.

There has also been a significant improvement in the time taken to issue approvals to draft prospectuses. Guidelines were issued to investment bankers stating that they shall return the offer document in the first scrutiny itself if these are found significantly wanting, which has helped.

Yet another trend gaining strength is "atmanirbharta" with the declining dependence on foreign portfolio investors. Domestic institutional investors, especially mutual funds, are becoming bigger in size as these are witnessing huge inflows.

Investors should exercise caution as investing in IPOs is riskier than in direct equity because of information asymmetry and limited price discovery

One issue that continues to dominate discussions is the "overpricing" of IPOs. First, what needs to be realised is that most companies that come to the market are promoter-controlled, and, even after the IPO, such promoters continue to hold significant shares in the company. As such, it is in their best interest that the stock price goes up post listing, as they have the most to gain. On the other hand, the merchant bankers need to face the same institutional investors time and again and, as such, are wary of overpricing. In any case, no issuer would take the huge risk of his IPO failing; relaunches are always looked down upon. In reality, it is the anchor investors who have now been deciding the offer prices.

The old mindset wherein all IPOs are expected to give positive returns not only on listing but until perpetuity also continues. The reality is that once an IPO gets listed, it becomes like any other secondary market stock whose price goes up and down based on the performance of the company, sector, and broader economy. IPO pricing should at best be judged on listing day.

Regrettably, though, IPO investing is increasingly becoming a gamble with most investors looking only for listing gains. Recent Sebi data shows that 43% of shares allotted to retail investors were sold within a week. For HNIs, this figure was an even higher 63%. In a bullish market, when IPOs happen with huge oversubscriptions, almost all IPOs list at a premium to the offer price. Data for 2024 shows that 76% of IPOs gave positive returns on listing day.

Finally, here's some advice for retail investors. IPO investing shall always remain about two elements: the quality of the company and the valuation at which it is being offered. Investors would do well to remember that even a great company at an expensive valuation makes for a bad investment. Investors should exercise caution as investing in IPOs is riskier than investing in direct equity because of information asymmetry and limited price discovery.

Also, a word of caution: As we have seen many a time in the past, it doesn't take much for sentiment to turn. In 2022 and 2023, despite relatively buoyant markets, as many as 80 companies looking to raise ₹1.2 lakh crore let their Sebi approval to launch their IPO lapse or withdrew their offer document. Even now, there are concerns about weak earnings, geopolitical tensions, foreign outflows, etc., which could stall the march of the secondary market, which in turn would impact the IPO market as well. BT

Views are personal

AI GENERATED IMAGE BY **HARDIK CHHABRA**

EXTRA COVER

The insurance industry is undergoing a transformation with the increasing adoption of AI and regulatory changes. With the impending launch of the Bima Sugam portal, 2025 could be the year when insurance penetration zooms

BY **NAVNEET DUBEY**

INDIA'S INSURANCE sector is on the cusp of a transformation, driven by advances in artificial intelligence (AI) and evolving policy discussions. Despite its burgeoning population and growing middle class, India has historically struggled with low insurance penetration, hovering at just about 4.2% of gross domestic product (GDP) as of 2021. However, the convergence of AI technology and potential policy reforms, such as the removal of GST on insurance premiums, could dramatically alter this trajectory.

AI has enhanced insurance access and inclusion. Tools like vernacular chatbots, voice assistants, and mobile platforms have helped engage rural populations. Predictive analytics has supported need-based product design, while machine learning has improved underwriting and fraud detection. A continued focus on simplicity and user experience could reduce the digital divide and increase access for all.

AI: The Game Changer

AI has emerged as a pivotal tool in addressing some long-standing barriers to deeper insurance penetration in India. Traditional insurance processes are often bogged down by lengthy paperwork and time-consuming verifications. AI-powered tools have simplified this by automating Know Your Customer (KYC) processes, using facial recognition, and validating documents in real time.

"AI technology can substantially contribute towards reducing the digital divide and enhancing the rural population's access to insurance. Phygital is the key to reaching out to the rural population, where insurance products are distributed through digital platforms without offices. However, insurance agents act as the key

KEY HIGHLIGHTS

- AI CAN REVOLUTIONISE THE INSURANCE SECTOR BY SIMPLIFYING PROCESSES, IMPROVING ACCESS, AND INTRODUCING PERSONALISED PRODUCTS
- AI-POWERED TOOLS LIKE CHATBOTS AND VOICE ASSISTANTS ARE BREAKING DOWN BARRIERS TO ENTRY, ESPECIALLY FOR THE RURAL POPULATION
- POLICY CHANGES, SUCH AS REMOVING GST ON PREMIUMS, ARE CRUCIAL TO MAKING INSURANCE MORE AFFORDABLE AND ACCESSIBLE
- LOW-COST INSURANCE PRODUCTS AND MICROINSURANCE INITIATIVES ARE EXPANDING COVERAGE TO VULNERABLE POPULATIONS
- COLLABORATION BETWEEN INSURERS, TECHNOLOGY PROVIDERS, AND THE GOVERNMENT IS ESSENTIAL TO ACHIEVE WIDESPREAD INSURANCE PENETRATION

mediums for the end-to-end insurance process," says Sarbvir Singh, Joint Group CEO of PB Fintech, an insurance platform. This has reduced the need for branch offices and has led to quicker processing, he adds.

Fraudulent claims have been a significant drain on the insurance sector. Here too, insurers are relying on AI to help address the issue. Its ability to identify anomalies and flag potential fraud in claims could ensure greater efficiency and trust, industry insiders feel.

Regional language AI chatbots and voice solutions can assist even those customers in smaller cities and towns who are not tech savvy. Quick onboarding processes can be enhanced through AI applications to minimise documentation and turnaround time. "Machine learning can predict risk and offer micro-insurance products that are suited for farmers, labourers, and SMEs, ensuring invulnerability and relevance," says Chetan Vasudeva, Senior Vice President of Business Development at insurtech firm Elephant.in, which is part of Alliance Insurance Brokers. Besides, predictive modelling can identify strategically underserved areas that insurance agencies can expand to, Vasudeva adds.

AI can help analyse vast amounts of customer data to craft personalised insurance products tailored to individual needs. For example, health insurers can design plans based on lifestyle or genetic predispositions.

Challenges Ahead

While AI offers immense potential, there are some challenges related to technology that the insurance industry must address to ensure its solutions lead to the right kind of growth. Incorporating AI in operations requires significant investment in infrastructure, training, and technology—costs that smaller players may struggle to bear.

In India, some customers may not be very financially literate or tech-savvy, which means that they can fall prey to mis-selling or deceptive marketing tactics, even when AI tools are used to recommend products. As insurers increasingly rely on AI, there will be a need for robust data security measures. Any misuse or breach of sensitive customer information can erode trust in insurers.

The insurance industry in India operates under strict regulatory oversight. Integrating AI tools while complying with regulations can be a complex and time-intensive process.

Vasudeva of Elephant.in says, "Expanding insurance coverage in countries with vulnerable groups like India is indeed a challenge, as people face challenges in terms of affordability and awareness; insurance is often seen as a non-necessity and an additional expense, in spite of government initiatives." Especially in rural areas, he adds, there is a lack of understanding. Hence, insurance appears as an expense to them. Besides, even when people in rural areas are interested in insurance products, accessibility is often a challenge, he adds.

Policy Changes

The Insurance Regulatory and Development Authority of India (Irdai) has been trying to boost insurance penetration for years. Now it is giving it an extra push through its "Insurance for All" initiative. It has introduced a slew of reforms and relaxed some rules to achieve its vision.

Thanks to those efforts, many insurers are now offering low-cost products with premiums below standard market rates. This has been done to reach out to lower-income households, the youth, and people in smaller cities.

However, India's Tier II and III cities still face challenges in ac-

TRACKING THE TREND

Insurance penetration, the ratio of total insurance premiums to GDP, has increased only slightly over the past five years It is the same with insurance density, or the per capita premium

Insurance Penetration in India (2019-2023)

Financial Year	Life Insurance Penetration (%)	Non-Life Insurance Penetration (%)	Total Insurance Penetration (%)
2018-19	2.82	0.94	3.76
2019-20	3.2	1	4.2
2020-21	3.2	1	4.2
2021-22	3.2	1	4.2
2022-23	3	1	4

Insurance Density in India (2019-2023)

Financial Year	Life Insurance Density ($)	Non-Life Insurance Density ($)	Total Insurance Density ($)
2018-19	58	20	78
2019-20	59	21	80
2020-21	59	21	80
2021-22	60	22	82
2022-23	61	23	84

NOTE THESE TRENDS INDICATE A STEADY INCREASE IN BOTH INSURANCE PENETRATION AND DENSITY IN INDIA, HIGHLIGHTING THE EXPANDING ROLE OF INSURANCE IN THE COUNTRY'S ECONOMY. HOWEVER, WHEN COMPARED TO GLOBAL AVERAGES, THERE REMAINS SIGNIFICANT POTENTIAL FOR FURTHER GROWTH IN THE INDIAN INSURANCE SECTOR

SOURCES IRDAI ANNUAL REPORT 2019-20, IRDAI ANNUAL REPORT 2022-23

cessing products. For instance, some insurers say that in rural areas and semi-urban towns, even when people research products online, they want to see a familiar face before making a purchase, especially in a category like insurance where there's no instant gratification.

That has forced insurers to adopt physical models like feet-on-street and PoSP (point of sales person). "India has 19,100 pin codes, and this amalgamation of online and offline is the key to ensuring that customers receive personalised support through their preferred medium," says Singh of PB Fintech.

For complete financial inclusion, critical tools must reach every Indian. Coverage against death, disease, and disability can significantly narrow the financial inclusion gap. Irdai has highlighted the pivotal role of microinsurance in providing financial protection to economically vulnerable sections of the population. Several measures have been introduced to simplify microinsurance and encourage insurers to develop flexible plans.

One other challenge is the steep goods and services tax (GST) of 18% levied by the Indian government on insurance premiums, which significantly inflates the cost of insurance products. Removing or reducing GST on premiums could lower costs and make insurance more accessible, particularly for first-time buyers.

Rakesh Goyal, Director of Probus, an insurance broker, says, "Lowering or removing GST on premiums can make insurance more accessible, moving India closer to achieving financial inclusion goals."

Echoing similar views, Singh says, "Removal of GST on life and health insurance premiums can make insurance more affordable for India's middle class, a segment that now represents 31% of India's population. This would directly reduce the premium, passing on the cost benefit to customers."

Success Mantra

For AI and policy reforms to truly revolutionise insurance in India, a collaborative approach is essential. Alongside AI tools, insurers must invest in financial literacy campaigns to empower customers to make informed decisions. To encourage adoption, the government should consider removing GST on insurance premiums and introducing subsidies for first-time buyers.

Vasudeva says, "Technology will play a major role in improving distribution. The year 2025 will witness a lot more in generative AI, large language models, computer vision, and optimal character recognition, which will streamline processes." He adds that the industry is constantly striving to improve underwriting solutions and reducing turnaround time in claim settlements.

Perhaps one of the biggest disruptions of 2025 and beyond in the insurance industry will be the launch of the government-backed Bima Sugam platform that will act as a one-stop shop for all insurance products. Vasudeva calls it a game changer as "it will create one unified destination for all insurance transactions and help insurance companies reach out to consumers in the smaller towns and cities".

As 2025 dawns, while challenges remain, a focussed and collaborative approach could drive significant improvements in insurance penetration and financial security for millions. BT

@imNavneetDubey

THE FUTURE OF HEALTHCARE

As AI advances, so will its role in health insurance. In the future, it shall perform a variety of complex tasks, making it more accessible and aligned with individual needs

BY **ANAND ROY,** MD & CEO, STAR HEALTH AND ALLIED INSURANCE CO. LTD

YET ANOTHER YEAR of transformation, with technology anchored through artificial intelligence (AI)-skewed innovations, has passed for the health insurance industry. AI is way beyond being a buzzword; it is a force that drives newer ways of providing smart, quick, and truly customer-centric solutions that are genuinely changing how insurers do business.

In India, AI in health insurance is smoothing the process of risk assessment, fast-tracking the processing of claims, and protecting against fraud, among other things, with the rapid adoption of all things digital. Here's how AI is revolutionising the sector.

ILLUSTRATION BY **RAJ VERMA**

Underwriting Revolution

Traditionally, underwriting has been a manual and paper-based operation. Today, AI writes this narrative anew. Powered by the analysis of Big Data—both historical and real-time—AI models provide unparalleled insight into an individual's health profile.

The level of detail enables the insurer to determine risk more effectively and also develop policies appropriate for customers. For customers it means fair pricing and policies more suited to their needs. What took weeks is now completed in hours, which means increased efficiency and higher customer satisfaction.

Claims Processing

Claims processing is a known pain point for customers, gener-

ally slow and filled with potential areas where errors can occur. The traditional approach in manual adjudication entails verification of a claim, data extraction, and making a decision—a rather time-consuming process. AI changed this landscape: the processes of data extraction, its validation, and further decision-making became automated.

AI-powered systems today process claims in real-time, reducing the turnaround time at an exponential rate. Obviously, customers do not need to wait for long, as claims are efficiently settled, and transparency enhances customer trust. Real-time claim status updates further raise customer experience, providing assurance at critical times.

More than speed, AI makes the settlement of claims accurate. Since the intervention of humans is drastically reduced, reducing errors, one gets fair evaluations. Besides pleasing customers, it is a means to improve one's prestige as a reliable insurer.

Fraud Detection

With the tremendous increase in the volume of digital transactions, fraud seems to be growing. Insurers and customers suffer heavy financial losses due to claims made through fraudulent means. The solution to this lies in AI.

AI algorithms analyse patterns in claims data and trigger notifications when they detect anomalies, which reveal potentially suspicious activities. Continuous real-time monitoring of data means insurers can flag potential fraud well before a claim actually begins processing. This approach will save not just money but also retain the confidence of genuine customers.

Due to the power of learning and adaptation that AI possesses, fraud detection systems are in continuous development. By being aware in advance of the evolving tactics of fraudsters, insurers ensure that their operations are conducted with integrity and customer experience is frictionless.

In the future, AI shall perform tasks ranging from the management of complex claims to the delivery of dynamic policy offers

Improving Consumer Engagement

AI is not only changing the way firms operate but has also been defining a new paradigm of customer experience. The engagement of insurers with their customers is changing drastically with the use of AI-powered chatbots or voice assistants.

Health insurers now deploy AI chatbots integrated into their customer app. They are available 24/7 to resolve routine queries efficiently. These tools immediately assist and reduce queues; hence, customers get the necessary help at the right time. Similarly, AI-powered voice bots improve phone-based engagement with quicker and more precise responses.

AI also shows deeper insights in terms of customer behaviour and preference. It can analyse data on the customer, thus allowing an insurer to look ahead of needs and deliver products and personalised services. This proactive engagement makes interaction meaningful and responsive as it would enhance relationships.

The Future

As AI advances, so will its role in health insurance. In the future, it shall perform tasks ranging from the management of complex claims to the delivery of dynamic policy offers. Additionally, it is real-time insight and adaptive solutions that will be critical factors in the reconstitution of customer experience for health insurance, making it more accessible and aligned with individual needs.

AI's ability to predict health risks, coupled with recommending prevention measures, would help improve customer well-being. In turn, insurance providers would be able to offer additional value-added services much beyond traditional coverage, encouraging proactive health management.

Embracing the AI-driven Future

In the modern world, AI adoption is no longer discretionary for insurers but rather a question of survival in the rapidly changing dynamics of the market. Embedding AI across all spheres of operations can help health insurers bring in efficiency, better customer satisfaction, and more precise risk assessment.

The future of health insurance lies in embracing AI-driven innovation. While we have been adapting and changing continuously, our efforts have focussed on creating intelligent, efficient, and customer-centric solutions that keep the health and well-being of every individual at the forefront.

With AI as a very powerful ally, the journey ahead promises to be truly transformational, not only for insurers themselves but also for customers, who stand to benefit from smarter, faster, and more personalised services. BT

Views are personal

REDEFINING THE DIGITAL AGE

For Bitcoin, its future lies not as a currency but as a cornerstone of the modern financial ecosystem

BY **SHRAVAN SHETTY,** MD, PRIMUS PARTNERS

BITCOIN'S JOURNEY BEGAN in 2009 with the release of a whitepaper by the pseudonymous Satoshi Nakamoto. Initially envisioned as a peer-to-peer electronic cash system, Bitcoin sought to provide a decentralised alternative to traditional fiat currencies, enabling users to transact directly without intermediaries like banks. Its revolutionary blockchain technology provided transparency and security, addressing challenges like double-spending. However, Bitcoin's trajectory soon diverged from its original purpose.

While early adopters experimented with Bitcoin as a medium of exchange, its journey as a currency has faced notable challenges. A significant milestone in its adoption occurred in 2021 when El Salvador became the first country to recognise Bitcoin as legal tender. This move highlighted Bitcoin's potential to function as an everyday payment method and aimed to boost financial inclusion of the country's largely unbanked population. However, issues such as price volatility, scalability, and limited global acceptance continue to hinder Bitcoin's broader adoption as a stable currency. By the mid-2010s, Bitcoin began transforming into a store of value, earning the moniker "digital gold."

Trends in Adoption

Some countries have explored Bitcoin's potential as legal tender, with El Salvador making history as stated earlier. However, many Salvadorans still prefer traditional currency.

Nations like China have banned-Bitcoin mining and crypto transactions, citing concerns over financial stability and illicit activities. Several developed nations, including the United States and the European Union member states, have refrained from granting Bitcoin the status of a legal tender.

Instead, regulatory frameworks often classify Bitcoin as a speculative asset, with stringent oversight aimed at curbing risks associated with its volatility and decentralised nature.

India's Regulatory Stance

India has taken a cautious approach toward Bitcoin and other cryptocurrencies. Bitcoin is not recognised as legal tender, and the Indian government emphasises the risks of cryptocurrency use, including its potential to disrupt monetary policy and financial stability. India's "Policy Trilemma"—balancing free capital flow, exchange rate stability, and independent monetary policy—makes adopting decentralised currencies challenging. Allowing Bitcoin as a currency could undermine the Reserve Bank of India's (RBI) ability to regulate capital flow, control inflation, and ensure financial stability.

To modernise its financial system without adopting decentralised cryptocurrencies, India has introduced the Digital Rupee, a Central Bank Digital Currency (CBDC). Launched in 2022, the Digital Rupee facilitates efficient payment systems while ensuring monetary policy alignment under RBI oversight. This move reflects India's preference for centralisation and regulatory control, contrasting with Bitcoin's libertarian ethos.

Rise of CBDCs

Globally, CBDCs are emerging as a preferred solution for digital financial innovation. Nations like Sweden (e-Krona), China (Digital Yuan), and the European Union (Digital Euro) are developing CBDCs to streamline transactions, enhance financial inclusion, and counter the influence of private cryptocurrencies. Unlike Bitcoin, CBDCs operate under central bank control, ensuring monetary stability and compliance with national economic priorities.

Bitcoin as an Investment Asset

As Bitcoin's utility as a currency waned, it gained prominence as an

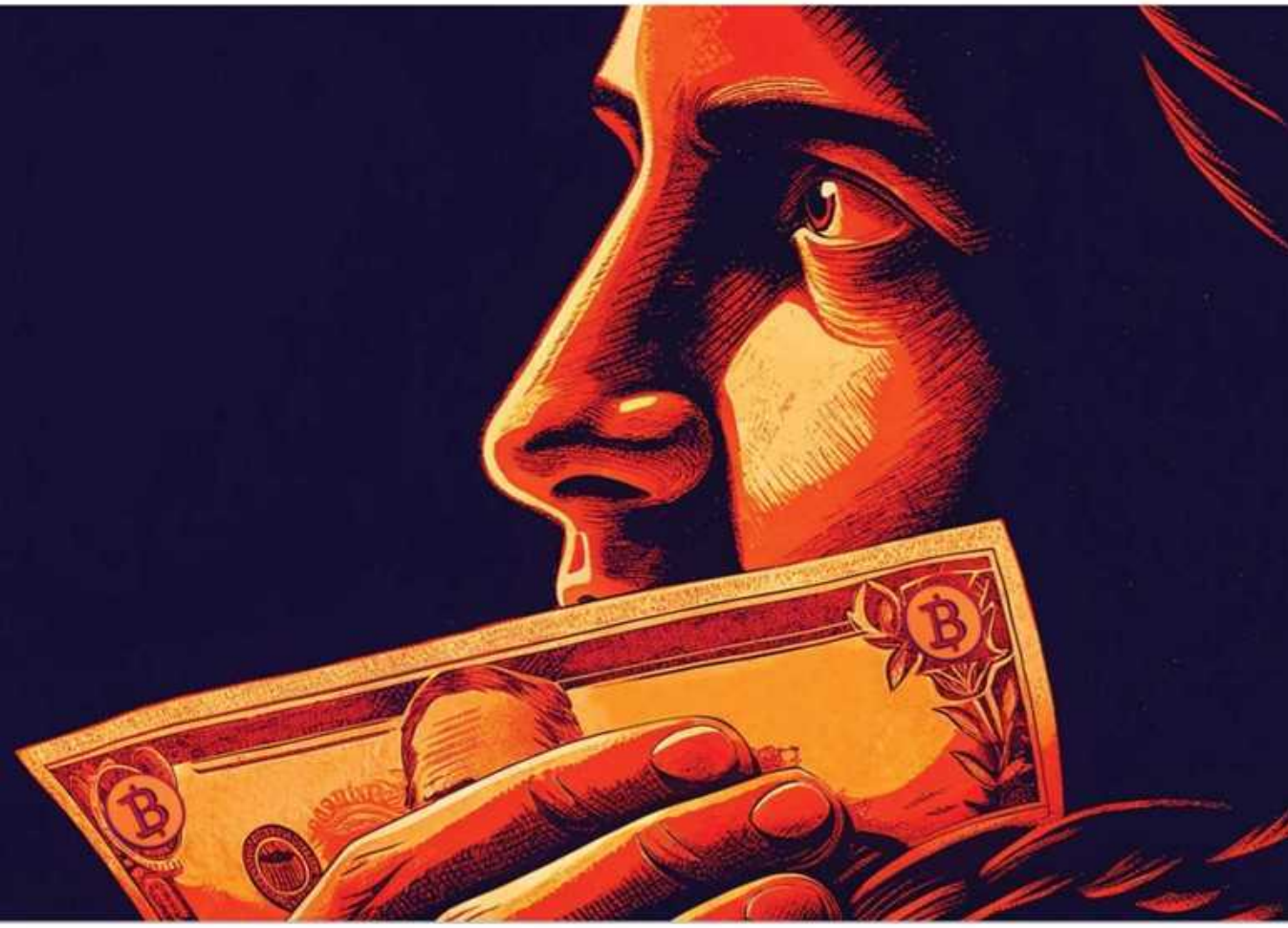


ILLUSTRATION BY **RAJ VERMA**

investment asset. Its capped supply of 21 million coins appeals to investors seeking an inflation hedge, akin to gold. Institutional adoption by companies like Tesla and MicroStrategy, along with increasing interest in Bitcoin ETFs from firms like BlackRock, has further solidified its status as a legitimate asset class. Millennials and younger investors are particularly drawn to Bitcoin for its digital nature and higher potential returns compared to traditional assets like gold.

India's Digital Rupee aims to strengthen interbank settlements and retail payment systems while reducing cash dependence. Unlike Bitcoin, it operates within a centralised framework, ensuring alignment with the RBI's policies. This approach highlights the contrasting paths between Bitcoin's libertarian vision and central banks' pursuit of digital financial innovation.

Millennials and younger investors are particularly drawn to Bitcoin for its digital nature and higher potential returns compared to traditional assets like gold

Bitcoin as Legal Tender

Bitcoin's evolution highlights its resilience. While its decentralised design and price instability limit its viability as a mainstream currency, it continues to thrive as an asset class, competing with gold in the digital economy. Meanwhile, nations worldwide are prioritising CBDCs over cryptocurrencies like Bitcoin, leveraging blockchain technology to modernise payments while maintaining control over monetary systems. For Bitcoin, its future lies not as a currency but as a cornerstone of the modern financial ecosystem, redefining wealth preservation and investment in the digital age. BT

Views are personal

THE NIFTY I

The composition of the Nifty 50 index has undergone notable changes in the p
the index. It is expected to undergo further changes in 2025 with the entry of

A

ADAPTABILITY AND transformation are essential for staying ahead in today's dynamic and highly competitive business world. Several global iconic brands, such as mobile manufacturers BlackBerry and Nokia, and renowned camera company Kodak, struggled to stay afloat.

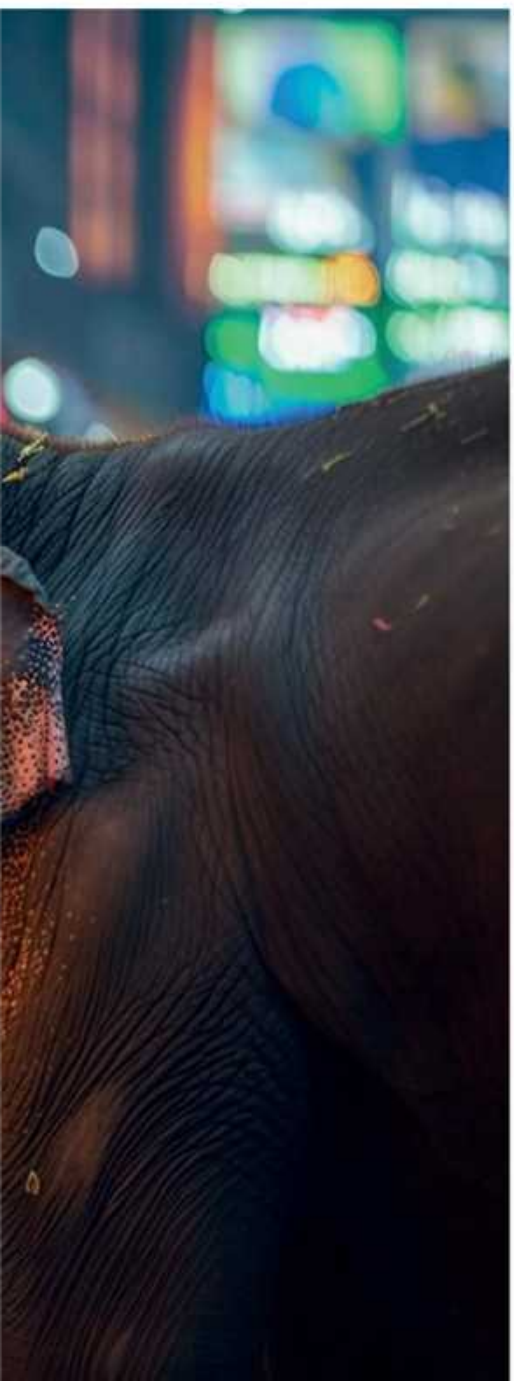
Back home, the scenario is not so different; an analysis of the composition of the benchmark, NSE Nifty 50, reveals that only 11 companies (*see chart*) have managed to stay in the index since its inception nearly 30 years ago.

What has been the driving force behind the resilience of these firms over the years? Companies like State Bank of India (SBI), Mahindra & Mahindra (M&M) and Larsen & Toubro (L&T) have excelled in their respective sectors by effectively executing the basics and adapting to changes. They also have had depth of management," says Devina Mehra, Founder and CMD of First Global. "Reliance Industries, on the other hand, has com-

AI GENERATED IMAGE BY **HARDIK CHHABRA**

ELEPHANTS

past 30 years, with only 11 companies consistently remaining in
new-age companies like Zomato **BY RAHUL OBEROI**



pletely re-invented itself over the years. First going up and down the value chain in oil and petrochemicals, and then adding on completely different areas," she adds.

However, Vivek Sharma, Investment Head of Estee Advisors, notes a common theme among these 11 firms. With the exception of SBI, which is a state-run entity, they are not standalone businesses; rather they are portfolios of businesses. "A significant portion of their revenue is derived from their subsidiaries operating across both related and unrelated industries," he says.

For instance, L&T operates in over 10 different sectors. Reliance has a presence across oil & gas, retail, telecom, media, and several other unrelated industries. M&M, too, spans across 20 industries.

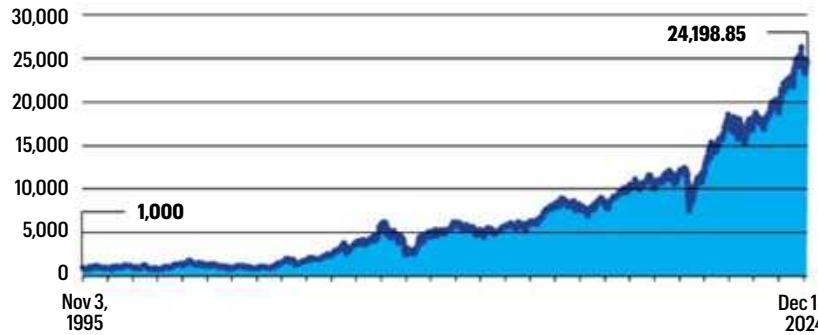
"Just like a portfolio of stocks allows investors to avoid overconcentration and smooth out performance, a portfolio of businesses helps companies stabilise their revenue streams over time. This diversification enables them to remain large and resilient for extended periods and hold their position in the indices," explains Sharma.

According to data, 12 companies, including Ranbaxy Laboratories and Pond's (India), which were part of the Nifty 50 in 1996, have either merged or been acquired. In the most recent instance, the country's largest mortgage lender, Housing Development Finance Corporation, merged with HDFC Bank in 2023.

"Successful stories like Reliance

SURGING AHEAD

The Nifty 50 rose over 24 times since inception



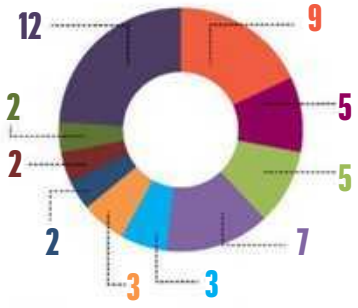
NOTE THE NIFTY 50 INDEX WAS LAUNCHED ON APRIL 22, 1996, WITH A BASE DATE OF NOVEMBER 3, 1995, AND 1,000 AS ITS BASE VALUE

SOURCE ACE EQUITY, KAGGLE

SHIFTING WEIGHTS

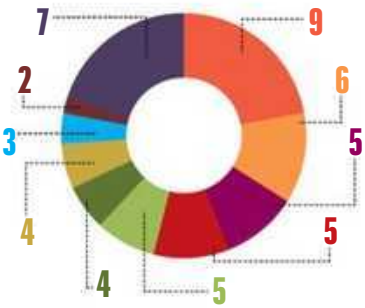
The weighting of sectors in the Nifty 50 have changed over time due to evolving market dynamics

1996



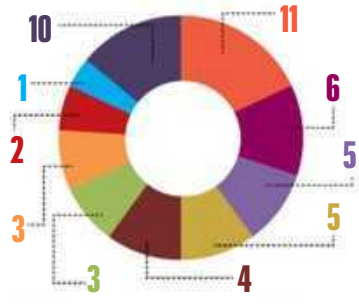
Banking & Finance · Auto · Oil & Gas, FMCG · Capital Goods · Metals · Chemicals · Construction Materials · Pharma & Healthcare · Others

2010



Banking and Finance · Metals · Auto · Power · Oil & Gas · Pharma & Healthcare · IT · Capital Goods · Construction Materials · Others

2024



Banking, Finance & Insurance · Auto · FMCG · IT · Pharma & Healthcare · Oil & Gas · Metals · Power · Capital Goods · Others

SECTOR-WISE PRESENCE OF NUMBER OF COMPANIES IN THE NIFTY 50

SOURCE *BT* RESEARCH AND ACE EQUITY

CHANGING

THE CONSTITUENTS OF THE NIFTY 50 INDEX HAVE CH

1996	2000	2010	2020	2024
ABB India	ABB India	ACC	Adani Ports & Special Economic Zone	Adani Enterprises
ACC	ACC	Ambuja Cements	Asian Paints	Adani Ports & Special Economic Zone
Aditya Birla Nuvo Ltd	Ambuja Cements	Axis Bank	Axis Bank	Apollo Hospitals Enterprise
Ambuja Cements	Asian Paints	Bajaj Auto	Bajaj Auto	Asian Paints
Andhra Valley Power Supply Co.	Bajaj Holdings & Investment	Bharat Heavy Electricals	Bajaj Finance	Axis Bank
ArcelorMittal Nippon Steel India	Bharat Heavy Electricals	Bharat Petroleum Corporation	Bajaj Finserv	Bajaj Auto
Arvind	Britannia Industries	Bharti Airtel	Bharat Petroleum Corporation	Bajaj Finance
Ashok Leyland	Castrol India	Cairn India	Bharti Airtel	Bajaj Finserv
Asian Paints	Cipla	Cipla	Britannia Industries	Bharat Electronics
Bajaj Holdings & Investment	Colgate-Palmolive (India)	DLF	Cipla	Bharat Petroleum Corporation
Bharat Heavy Electricals	Dabur India	Dr. Reddy's Laboratories	Coal India	Bharti Airtel
Brooke Bond Lipton India	Dr. Reddy's Laboratories	GAIL (India)	Divi's Laboratories	Britannia Industries
Castrol India	EIT Services India Pvt.	HCL Technologies	Dr. Reddy's Laboratories	Cipla
Colgate-Palmolive (India)	GlaxoSmithKline Consumer Healthcare	HDFC Bank	Eicher Motors	Coal India
EIH	GlaxoSmithKline Pharmaceuticals	Hero MotoCorp	GAIL (India)	Dr. Reddy's Laboratories
GlaxoSmithKline Pharmaceuticals	Grasim Industries	Hindalco Industries	Grasim Industries	Eicher Motors
Grasim Industries	HCL Infosystems	Hindustan Unilever	HCL Technologies	Grasim Industries
Great Eastern Shipping Co.	HDFC Bank	Housing Development Finance Corporation	HDFC Bank	HCL Technologies
HDFC Bank	Hero MotoCorp	ICICI Bank	HDFC Life Insurance Co.	HDFC Bank
Hindalco Industries	Hindalco Industries	IDFC	Hero MotoCorp	HDFC Life Insurance Co.
Hindustan Petroleum Corporation	Hindustan Petroleum Corporation	ITC	Hindalco Industries	Hero MotoCorp
Hindustan Unilever	Hindustan Unilever	Infosys	Hindustan Unilever	Hindalco Industries
Housing Development Finance Corporation	Housing Development Finance Corpn.	Jaiprakash Associates	Housing Development Finance Corporation	Hindustan Unilever
ICICI Ltd	ICICI Ltd	Jindal Steel & Power	ICICI Bank	ICICI Bank

NOTE ICICI LTD WAS MERGED WITH ICICI BANK, EFFECTIVE FROM MAR 30, 2002; DATA FOR 199

DATA SOURCE PROWESS IQ

DYNAMICS

ANGED SIGNIFICANTLY IN THE PAST THREE DECADES

1996	2000	2010	2020	2024
IDBI Bank	ITC	Kotak Mahindra Bank	ITC	ITC
IFCI	Indian Hotels Co.	Larsen & Toubro	Indian Oil Corp.	IndusInd Bank
ITC	Indian Petrochemicals Corporation	Mahindra & Mahindra	IndusInd Bank	Infosys
Indian Hotels Co.	Infosys	Maruti Suzuki India	Infosys	JSW Steel
Indian Petrochemicals Corporation	Kochi Refineries	NTPC	JSW Steel	Kotak Mahindra Bank
Indo Gulf Corporation	Larsen & Toubro	Oil & Natural Gas Corpotion	Kotak Mahindra Bank	Larsen & Toubro
Kochi Refineries	Mahanagar Telephone Nigam	Power Grid Corpn. of India	Larsen & Toubro	Mahindra & Mahindra
Larsen & Toubro	Mahindra & Mahindra	Punjab National Bank	Mahindra & Mahindra	Maruti Suzuki India
Mahindra & Mahindra	NIIT	Ranbaxy Laboratories	Maruti Suzuki India	NTPC
Mangalore Refinery & Petrochemicals	Nestlé India	Reliance Capital	NTPC	Nestlé India
Nestlé India	Novartis India	Reliance Communications	Nestlé India	Oil & Natural Gas Corporation
Oriental Bank of Commerce	Oriental Bank of Commerce	Reliance Industries	Oil & Natural Gas Corporation	Power Grid Corporation of India
Pond's (India)	Procter & Gamble Hygiene & Health Care	Reliance Infrastructure	Power Grid Corporation of India	Reliance Industries
Ranbaxy Laboratories	Ranbaxy Laboratories	Reliance Power	Reliance Industries	SBI Life Insurance Co.
Reliance Capital	Reckitt Benckiser (India) Pvt.	Siemens	SBI Life Insurance Co.	Shriram Finance
Reliance Industries	Reliance Industries	State Bank of India	Shree Cement	State Bank of India
Reliance Infrastructure	Reliance Infrastructure	Steel Authority of India	State Bank of India	Sun Pharmaceutical Industries
Reliance Petroleum	Reliance Petroleum	Sterlite Industries (India)	Sun Pharmaceutical Industries	Tata Consultancy Services
State Bank of India	Satyam Computer Services	Sun Pharmaceutical Industries	Tata Consultancy Services	Tata Consumer Products
TVS Motor Company	State Bank of India	Suzlon Energy	Tata Motors	Tata Motors
Tata Chemicals	Tata Chemicals	Tata Consultancy Services	Tata Steel	Tata Steel
Tata Consumer Products	Tata Consumer Products	Tata Motors	Tech Mahindra	Tech Mahindra
Tata Motors	Tata Motors	Tata Power Co.	Titan Company	Titan Company
Tata Power Company	Tata Power Company	Tata Steel	UPL	Trent
Tata Steel	Tata Steel	Vedanta	UltraTech Cement	UltraTech Cement
Thermax	Zee Entertainment Enterprises	Wipro	Wipro	Wipro

96 (AS OF SEP 18); 2000 (SEP 04); 2010 (OCT 1); 2020 (SEP 25); AND FOR 2024 (SEP 30)

are exceptions, and not the rule. Stocks are risky; some business models are more risky than others, and the possibility of complete washout is never zero, irrespective of the company's size," says Sreeram Ramdas, Vice President of portfolio management services (PMS) firm Green Portfolio.

According to Devina Mehra, reinvention is often essential to stay competitive. "Some companies succeed in this, while others do not. For example, in the automobile sector, when the market opened up, two-wheeler companies like Bajaj Auto and TVS Motors successfully competed with global players, whereas car makers like Hindustan Motors and Premier Automobiles failed to adapt to the transition," she says.

"Earlier, business cycles were much longer, but now they have become shorter due to fast-changing business scenarios," she explains. With the changing business landscape, the sectoral weightings of the Nifty 50 index have also changed over the years. Currently, the index has exposure to 15 sectors. Going ahead, Mehra says, "We may see the sunrise industries or dominant companies in the Nifty 50 index."

In March 2025, the Nifty 50 will undergo its semi-annual rebalancing activity. As a result, foodtech major Zomato and Reliance Group's Jio Financial Services are likely to be included in the Nifty 50, potentially altering the index composition further, believes JM Financial.

Going forward, Manish Bhandari, CEO and Portfolio Manager of Vallum Capital Advisors, asserts that government spending or ongoing global developments will shape broader themes of the stock markets. "The strategy of 'buy and forget' will not work in a dynamic and rapidly changing economy like India," he adds. BT

@iamrahuloberoi

Consciousness Shaping Consumption

India has a dynamic and discerning consumer base, whose consumption pattern is experiencing a significant transformation

BY **SURESH NARAYANAN,** CMD, NESTLÉ INDIA

INDIA IS A nation of paradoxes, with a vast canvas of 496 million addressable consumers for the FMCG sector, 35% residing in bustling cities, and the remaining 65% living in villages. The Indian FMCG sector, a mirror to this vibrant diversity, has been undergoing a significant transformation. A dynamic and discerning consumer base, a blend of traditional values and modern aspirations, is reshaping consumption patterns of India.

The Powers Shaping Consumption

India's diverse population is spread across five distinct generations. This pyramid is undergoing shifts, where each generation brings its unique preferences, values and spending power, and often the influence of a legacy brand weaves the generations together.

India is blessed with a rich demographic dividend; it is home to the largest youth population in the world. GenZ is the largest generation in India followed closely by Millennials. Reports by Snap Inc. and Boston Consulting Group underscore that the Indian GenZ population, estimated at 377 million, has a purchasing power of $860 billion. These digital natives cherish experiences, and believe in the philosophy of, '*Kal ho na ho*' and 'YOLO', which means you only live once, so you might as well enjoy it!

Besides, senior citizens comprise over 10% of India's population.

By 2050, the UN Population Fund indicates that one in five individuals in India will be elderly. This silver generation, especially in urban markets, is an important consumer cohort, defying antiquated stereotypes. They want to feel good and look good! And refuse to be overlooked. Their choices are inadvertently a result of their wisdom and experience.

The rapid transformation of the consumer landscape offers a diverse, aspirational consumer base in urban and rural India, combined with GenZ and an ageing population, who are keen to invest in their personal wellbeing to live better.

Cautious Consumer and a Resurgent Force

Stagnating income growth, coupled with elevated food inflation, has forced consumers to tighten their wallets. Rising interest rates have further dampened urban consumer sentiment, particularly for discretionary purchases, with consumption being the weakest in September, since last two years.

In contrast, rural India has demonstrated remarkable resilience. After a period of subdued growth post-pandemic, government initiatives, improved agricultural productivity, and rising disposable incomes have fuelled a resurgence in rural consumption.

This growing purchasing power, paired with increasing exposure to digital technologies, has created a significant opportunity for businesses.

While short-term challenges persist, India's long-term growth story remains intact. As the economy continues to evolve, a balanced approach that caters to both urban and rural consumers will be crucial for businesses to thrive in the Indian market.

Conscious Consumption

Kantar's latest report, "India at Crossroads," highlights the key trends shaping the future of the Indian consumer landscape: premiumisation, digital transformation, health consciousness, and value-conscious spending. These trends are converging to create a new consumer base.

The Covid-19 pandemic has undeniably reshaped consumer attitudes towards food safety and quality. Consumers have become far more

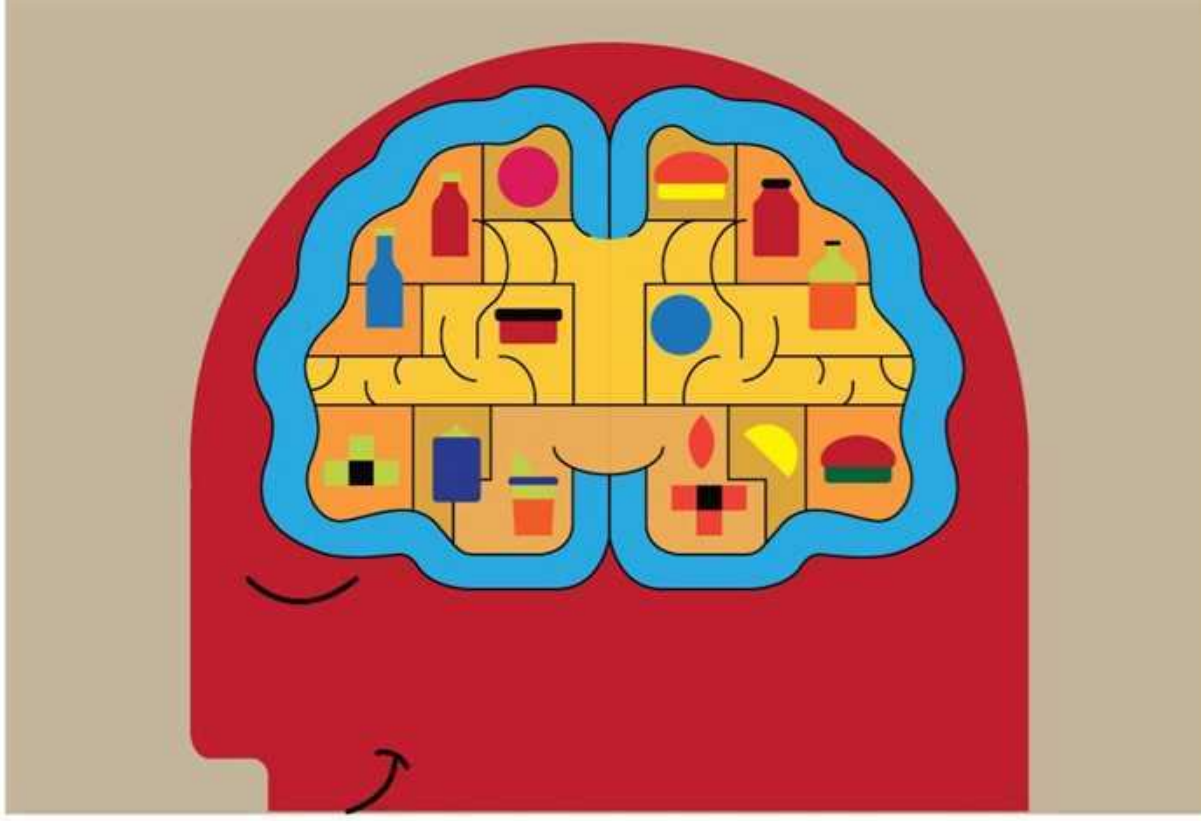


ILLUSTRATION BY **RAJ VERMA**

Quick commerce has taken the Indian grocery market by storm, with a significant portion of urban consumers now relying on it for their primary shopping needs

vigilant about the products they consume and are placing greater trust in established brands with strong reputation for food safety.

People today want quality. They don't just eat anything that you put on the table. During my market travel, a retailer told me that our brand stands out because of high quality. Consumers say, I can pay more, but I know I get unimpeachable quality and refuse to be bamboozled into anything short of that!

Brands are increasingly adopting premiumisation and value-up opportunities, attaching high perceived value to their products to attract discerning consumers.

There is a growing emphasis on purchasing products with enhanced nutritional profiles, millet-based innovations and fortified products. Brands would need to expand the nutritional profile of their portfolio.

Sustainability has emerged as a key driver of consumer choice. Consumers are increasingly seeking companies committed to environmental and social responsibility.

The Power of 'Now'

Quick commerce has taken the Indian grocery market by storm, with a significant portion of urban consumers now relying on it for their primary shopping needs. This surge in quick commerce adoption highlights the growing demand for convenience and speed among Indian consumers.

According to a recent NIQ shopper trends report, a staggering 31% of urban Indians now use quick commerce platforms for their primary grocery shopping, while another 39% use them for top-up purchases.

Integration of AI will continue to redefine consumer engagement, by accelerating innovation and launching new products at a higher speed. However, I would urge careful consideration in the deployment of AI for predictive analysis, strategic planning mechanism, and information dissemination. AI should be used to enhance human capabilities and serve humanity rather than allowing them to dictate its course.

I believe relying on facts and evidence takes precedence, simply stating something isn't enough. Use of data and analytics tools, such as Nestlé's MIDAS and NesMitra, when combined with insights of local shopkeepers, distributors and consumers, is a powerful tool to serve consumers.

Therefore, there is a need to combine AI with real intelligence and work on the ground, through activation, sampling, getting people to try more products and this should be an intrinsic part of the journey. BT

Views are personal

A TIME OF UNCERTAINTY AND OPPORTUNITY

A look at the key trends that will redefine how content will be created, distributed, and consumed

BY **JEHIL THAKKAR,** PARTNER, MEDIA AND ENTERTAINMENT, DELOITTE INDIA

THE INDIAN MEDIA and entertainment (M&E) industry has seen rapid transformation over the past decade, driven by significant advances in technology, shifting consumer preferences, and the growing digital economy. But this is also a time of flux, uncertainty and of opportunity. It's an unprecedented time with digital infrastructure driving changes that will reshape the industry.

Digitisation, streaming, consolidation and regionalisation are key trends that will play a crucial role in redefining how content is created, distributed, and consumed.

1. Digitisation and Streaming

Digitisation has been the most transformative trend in the Indian media landscape, driven by the growth of the internet and mobile penetration. Over the past five years, India has seen an extraordinary surge in digital connectivity. Mobile internet has been the primary driver of this growth. From approximately 300 million smartphone users in 2018, India has surpassed 700 million in 2023. Similarly, from 500 million internet users, six years ago, India has around 1 billion users today. Of these, 130 million are on 5G, projected to rise to 800 million by 2030 and close to 50 million connected TVs, rising to 100 million in five years. As connectivity improved, mobile penetration increased across urban and rural India. And as data prices dropped, data consumption doubled from 12 GB per capita per month to 24 GB today.

All of these factors combined led to India's OTT sector growing at close to 20%, with over 80% consumption coming from video streaming.

The changes have been rapid—at first, around the world streaming companies raced to add users—monthly active users (MAUs), daily active users (DAUs) and monthly subscriber additions became the measure of success and the basis of valuation. More recently, a concern about the bottom line saw the focus shift to managing user additions with an eye on profitability.

This focus has led to momentum on three themes that are likely to gather pace further.

AVOD (Advertising-based Video on Demand): As monetisation of users beyond the top tier gets difficult, almost every OTT player is examining ways to increase reach and drive advertising revenue. An area that OTTs in the stable of a broadcaster understand well, advertising revenue can be generated using the existing infrastructure and the client base of a broadcaster.

PARTNERSHIPS: As the search for larger audiences intensifies, partnerships and alliances with telcos, social media apps, gaming companies, e-commerce and social commerce companies are likely to become commonplace.

LIVE and APPOINTMENT TV: The desire to differentiate and drive audiences to a specific place at a specific time will likely drive platforms to acquire rights to live events and sports. The practice of releasing episodes of popular shows on a periodic basis rather that all at once is likely to become more widely adopted.

2. Consolidation

Consolidation has played a key role in shaping the Indian M&E industry across various segments. Over the past few years, large players have acquired smaller competitors to strengthen their market position, diversify their content offerings, and meet the growing demands of a digital-first audience.

The television broadcasting industry has seen significant consolidation over the years with the number of significant broadcasters reduced to about four to five from double digits about a decade ago.

In the cinema exhibition business, consolidation occurred with the advent of multiplex chains in the early 2000s. Initially, India had

AI GENERATED IMAGE BY **HARDIK CHHABRA**

The next decade promises to be one of continued innovation, as digitisation and regionalisation reshape media consumption

a fragmented cinema exhibition market dominated by single-screen theatres. However, chains like PVR, INOX, and Cinepolis began acquiring smaller theatres and expanding their footprint across the country.

Now, the same trend is likely to shape the streaming industry. We have already seen the first of the big moves with Jio acquiring Star and consolidating Voot. There are still several significant streaming apps across regions and languages that have an opportunity to grow through acquisition or be a part of a larger platform. The scale benefits will become hard to ignore.

3. Regionalisation

Regionalisation continues to be the engine that drives the growth of India's M&E industry. As it looks to better monetise Tier II and III cities as well as rural India, regional content is no longer a niche—apparent in the print industry where regional print drives growth and is a significant contributor to profitability.

The film industry has also seen a major shift toward regional content, particularly in languages like Tamil, Telugu, Kannada, Malayalam, Bengali, and Punjabi. While Bollywood has traditionally been the dominant force, regional cinema has grown exponentially in both popularity and revenue, even breaking into traditional Hindi film markets.

In the OTT space, over 50% of all streaming content is now regional. Regional platforms have proliferated not just in major markets like Bengal, Telangana, Gujarat, and Maharashtra, but also in smaller markets like Meghalaya and Odisha. In addition, almost all the major platforms have a content strategy around non-Hindi and non-English segments.

The music industry is also seeing this shift. Platforms like Spotify and JioSaavn have tailored their offerings to include more regional music catering to a growing audience that seeks content in their native languages.

As the industry continues to evolve, these trends are expected to drive further growth, reshaping the landscape of Indian media and entertainment. The next decade promises to be one of continued innovation, as digitisation and regionalisation reshape media consumption, while consolidation pushes companies to strengthen their position in an increasingly competitive market. BT

Views are personal

A GENERATION MAROONED

This generation is creating new grammar for social and professional existence. They are reimagining the very concept of work, identity, and social belonging

BY **SANTOSH DESAI,** FOUNDER & DIRECTOR, THINK9 CONSUMER TECHNOLOGIES; CEO, FUTURE BRANDS

NEWER GENERATIONS are meant to confound older ones. There is probably a contract signed between the generations. And yet, in India, immediately after liberalisation, the story was a little different. For once, generations seemed to be coming closer rather than diverging, with the older generation living vicariously through the younger one. But technology has changed all that. The divergence, somewhat tentatively, with the millennials, can now be seen in its full-blown form with Gen X.

Generation Z emerges not merely as a demographic cohort but as a profound cultural disruption. They are not just young people entering the workforce and starting their journeys as consumers and citizens; they are reimagining basic life concepts and ideas that previous generations have taken to be inalienable truths.

Consider their relationship with work—they see it in a fundamentally new way, much to the consternation of their employers. Their mental model of work is fundamentally liquid and lacks the defined shape of an earlier era. Traditional notions of professional identity—the step-by-step accretion of experience and rewards—no longer seem meaningful to them. GenZ sees work instead as a scatter diagram of possibilities, each moment fraught with potential boredom and revelation. The idea of having to wait to live a full life, to allow one's career to come first, feels like an unacceptable compromise. Instead they construct identities that are horizontal, multiple, and remarkably fluid. A 22-year-old might simultaneously be a digital marketer, a part-time musician, a mental health advocate, and a nascent entrepreneur. Each role is not a sequential step but a simultaneous expression of a complex self. The idea of being any single thing feels like a form of strangulation.

This multiplicity is not just a career strategy but also a survival mechanism. Growing up in an era of economic uncertainty, climate anxiety, and technological disruption, they've internalised a deep scepticism towards institutional promises. The mythical "job for life" feels like a relic from an alien civilisation. Their world is one of constant flux, where adaptability is not a skill but a fundamental survival instinct.

Social media has been their primary landscape of self-construction. Unlike previous generations, who used digital platforms as supplements to their lived experience, for GenZ, these platforms provide the primary source material for their lives. Every moment becomes a potential performance, every interaction a curated narrative. The boundary between authenticity and performance has not just blurred—it has essentially collapsed.

This is a generation that is growing up without maps. They have to learn everything anew. With the meaning of essential life concepts having irrevocably changed—be it the meaning of work, the idea of careers, the pressure of creating a self out of a relentless projection of bits of the self, the rapidly evolving and perpetually unstable notion of relationships, the absence of any centring institutions—all lead to a constant search for something to believe in, to hang on to.

In their world, success is not a destination but a continuous negotiation. A start-up could be more meaningful than a corporate position, and a viral social media moment more transformative than a traditional achievement. Also, one can never be successful enough. There are self-made billionaires at 19, influencers with millions of followers at 16; nothing that they can do can possibly match up. What this results in is, at one level, a relentless finding of one's own special ability and, at another, a sense of giving up any grand pursuit,

ILLUSTRATION BY **RAJ VERMA**

given its seeming improbability.

The relentless need for self-presentation is mentally taxing. The pressure to be perpetually visible and to be "on", to perform and calibrate one's performances based on feedback, creates a unique form of existential fragility. Their mental health is not just a personal condition but a collective experience, shaped by instant peer comparison and the relentless demand to be simultaneously unique and yet belong.

Their disdain for traditional work codes is not rebellion but a clear-eyed assessment of systemic dysfunction. They've watched their parents struggle with recessions, corporate drudgery, and the erosion of work-life boundaries. Their resistance is not laziness but a sophisticated critique of extractive labour practices.

Interestingly, this generation harbours a profound paradox. They are simultaneously the most globally connected and the most individually isolated generation. They are never alone and always alone, never disconnected but feeling deeply detached.

GenZ is not just a demographic transition... [it's] a generation that refuses to be defined or understood through conventional frameworks

Their relationship with institutions is transactional and provisional. They don't join organisations; they collaborate with them temporarily. Loyalty is not to an employer but to a collective vision, a set of values.

This generation is creating new grammar for social and professional existence. They are not just changing workplace dynamics; they are reimagining the very concept of work, identity, and social belonging.

In essence, GenZ is not just a demographic transition. They are a profound sociological statement—a generation that refuses to be defined, contained, or understood through conventional frameworks. They are not waiting for the future; they are actively constructing it, pixel by pixel, conversation by conversation, moment by moment. BT

Views are personal

THE BT INTERVIEW

"We should strive towards **two non-zero GST rates**"

Arvind Panagariya, Chairman of the 16th Finance Commission, on further reforms in the economy, the Nehruvian era and its impact on policymaking, cash transfers, and more

PHOTOS BY **RAJWANT RAWAT**

Economist and policymaker Arvind Panagariya, Chairman of the 16th Finance Commission, has documented the economic history of independent India's first Prime Minister Jawaharlal Nehru's era and its impact on subsequent policymaking. The book, *The Nehru Development Model*, states that Nehru's policies stunted India's economic potential, creating a socialist mindset that persisted long after the era and hampered growth until the liberalisation of the 1990s. Panagariya spoke with *Business Today*'s *Siddharth Zarabi* on what lessons are left to be learnt for India's future economic journey. Edited excerpts:

Q: What remains to be dismantled of the Nehruvian era when it comes to economic policymaking in India?

A: A lot of what PM Nehru did has been dismantled... investment licensing, import licensing, and foreign exchange control... Those three have been largely dismantled, but there are things... [such as] the Industrial Disputes Act, which still needs to be replaced by the Code on Industrial Labour... But when I use the term Nehru era, one has to also include, at least for the purpose of this specific question, what followed Nehru? Because Nehru's era did not end with Nehru.... [it] was followed by yet more socialism, what I call hard socialism, under his daughter Indira Gandhi. And a number of things that were done under Indira Gandhi still remain to be undone. These include the nationalisation of banks that was done in 1969. Coal mines were nationalised... oil industry was nationalised... And of course the influence of the Nehru era has even extended into the post-reform era whereby, during the UPA years, particularly UPA 2, 2009 to 2014, we saw a return of some of the Nehru-like measures, which included the very restrictive Land Acquisition Act and the Right to Education Act. There's also retrospective taxation, which has not been undone...

Q: One of the points that you have made is on disinvestment—on the state getting out of the public sector. In the current political economy environment, what is to be done?

A: If anything, the state's responsibilities have only increased... Education and health are two prime examples where the state is now invested far more heavily than it was during the Nehru era or even during the Indira Gandhi era. There are areas where clearly the state has to be deeply involved, like in defence. There again, one would like to see much larger expenditures going to defence than financial constraints have allowed so far. It is from that perspective that in some ways one can argue that for the state to come out of what it calls the non-strategic sectors now is yet more important. Prime Minister [Narendra] Modi's government has already stated its public enterprise policy under which it has identified four strategic sectors. The policy says that outside of these sectors, the state will relinquish production activity... that process has been a bit slow. Some privatisation has happened... but that process needs to gather more steam. And it also has to extend to the states... the process of disinvestment in the states has not even begun almost anywhere...

Q: In 1994 you wrote about how India was the new tiger on the block and that a 6-7% growth rate cannot be ruled out. Do you see all elements being in place to fully and finally break away from that era and take off in a newer direction at a newer rate of growth?

"In almost every election, there is competition among parties to bring in more giveaways. And that ultimately impacts capital expenditure"

A: I am afraid this is a gradual process in a democratic system. The changing of minds is a very slow process. The natural flow is stacked against you for the reason that there exists what I call in the book 'inheritance of ideas'; newer politicians inherit ideas from the old

ones, new bureaucrats inherit ideas from the old bureaucrats... this generational change is difficult. [But] we have made a lot of progress.

When in 1994 I talked about a new tiger on the block... [and] 5-7% growth, we were on the defensive even talking about growth because it was not seen as something [that was needed]; redistribution was seen as what we needed.... Politically, I think it was only under Atal Bihari Vajpayee [who] as PM said that we need double-digit growth to combat India's poverty. So that took time.

I think we have made a lot of progress but by no means [have] conquered the influence of the Nehru era. I think that's going to remain [a] work in progress... At the state level, we are seeing a huge resurgence of giveaways... freebies. In almost every election, there is competition among parties to bring in more programmes of giveaways. And that ultimately impacts capital expenditure. State level capital expenditure has certainly been impacted by the promises of these giveaways... no matter which party wins, in the end we see these giveaways being added on to what already exists.

Q: Are cash transfers and giveaways becoming a concern for our long-term fiscal health? What can be done to correct course given that all the spending hinges on higher tax revenues?

A: Yes, there is some concern because if you look at the state level, you certainly see the impact on capital expenditures and there I think is largely the worry. I am personally not against cash transfers; frankly I was among the early ones [pitching for it]... going back to my first book, *India: The Emerging Giant*...

What is different now in these programmes is that these are not targeted transfers... we are identifying very large groups, all women, for example, and that is fiscally more demanding, even when you do transfers of ₹1,000 per month per person... Eventually, once we have acquired GDP in the range of $8-10 trillion, then we can afford those transfers. But in today's time, capital expenditure is the need of the hour.

Q: There is a debate on the issue of slowing public capital expenditure and the need for much higher levels of private sector investment. Given the emerging international trade order, what does it mean for India's economy in the short to medium term?

A: On private investment, I think we need a bit more clarity... If you look at total fixed investment as a proportion of GDP, that has steadily risen from what was about 28-29% immediately post-Covid... Today, it

stands above 34%. This is the total investment. Now, certainly, the central government's capital expenditure has been rising. But some of it is being neutralised by a corresponding small decline in state-level capital expenditures. So, the bulk of this increase from 29% to 34%-plus is coming from private sources... But at the end of the day, you cannot get away from looking at the total investment and that certainly as a proportion of the GDP has steadily risen. So, that is a correction that needs to happen in the media debates. This assertion of private investment being sluggish needs correction.

On trade, I think there is clearly a looming challenge because President Trump is going to return on January 20 and he has certainly said that he is going to demand reciprocity in trade policy; and he has explicitly singled out two or three of these countries: Canada, Mexico and China. In that singling out, we have been spared so far, but he has also mentioned India in the context of reciprocity... So that is going to be a challenge. I'm not sure in what way we would handle this. Personally, to minimise the disruption in trade flows in both directions, we ought to negotiate and see where we can give concessions and where we can get concessions from the US. That would be a lot better than letting the US raise its tariffs on our goods and then us reacting by raising tariffs on what we import from the US...

In the long run, the US wants to get away from China, India wants to get away from China. If both countries want to get away from China, they have no choice but to be closer to each other... I hope that both on the US and Indian sides, cooler minds prevail, and we negotiate tariffs down.

Q: Where do we stand in our progress towards a primarily outward-oriented market economy? How much more time and effort are required?

A: Reforms are an ongoing process... We often focus on the 1991 episode and celebrate that as the big-bang reform, but the fact of the matter is that in the overall scheme of things, it is hardly a big-bang reform... we were already moving in that direction of ending investment licensing and import licensing. What we did in 1991 was to end investment licensing, but even then, it was not a complete end, because small-scale industry (SSI) reservation had still not been touched... approximately 850 products, mostly labour-intensive ones, had remained off limits to larger enterprises... and that process of liberalising the SSI took us close to another 15 years. It was by 2005 that most of the products were removed and open to large-scale manufacturing. About 20-odd products were finally eliminated and the list was eliminated in 2015 by the Modi government. I mentioned this history to indicate that the process of liberalisation in a democratic system is inevitably slower. It involves a lot of consensus building. So it's still work in progress.

Our share in the world's merchandise exports is less than 2%; services it's closer to 4%, but even in merchandise we have to get to at least 4% in the next 8-10 years, if not sooner. Because compare that to China, which has about 13-14% share in merchandise exports. And it is the merchandise exports market that is large, $25 trillion, versus services, which is about $7 trillion. That is also part of the work in progress. [In] our education sector, reforms are required, particularly in higher education. We are still operating under the 1956 University Grants Commission Act that needs to be replaced... that is the nature of the reform process and you cannot do it in one go... We have tried to do that with the Insolvency and Bankruptcy Code, and some of the other laws as well... we will also need to do something eventually about the Land Acquisition Act that has made building of infrastructure incredibly costly...

"What is forgotten in the context of targeting of the billionaires by the critics... is that by and large, the wealth does not end up in ostentatious consumption, but instead is invested"

Q: Is there merit in the criticism that wealth is being concentrated in the private sector elite?

A: If the critics provide a road map on how this can be done better, without adversely impacting the growth process and therefore also our ability to do the redistribution... then I am all for it. But the critics never offer an alternative road map. My choice then is to have greater equality, but levelling down the rich to achieve that equality... then I'm not so sure that that's a good idea.

What is often forgotten in the context of the targeting of the billionaires by the critics... is that by and large, the wealth of the billionaires does not end up in ostentatious consumption, but instead is invested. And these are smart entrepreneurs who hopefully would invest their wealth in a very highly productive manner.

Think of the alternative. Suppose we were to tax away a lot of this wealth and this wealth comes back into the hands of the government. What will happen? Very likely a large part of it will go into the current expenditures, what was investment will turn into current expenditure. And even what gets invested will probably not get invested in projects that will yield very high rate of return...

This is not an endorsement of inequality. But it is simply asking a question, 'Is there a better road? Can we continue to have very equitable redistribution and continue to grow at 7%-plus, which is our ambition?' And I don't see a pathway to it... When there is wealth creation, it does lead to some accumulation of wealth.

"In the long run, the US wants to get away from China, India wants to get away from China. If both countries want to get away from China, they have no choice but to be closer to each other"

Because those who create wealth, even if they keep 4-5% for themselves, it quickly produces billionaires. Likewise, growth also tends to concentrate in certain areas, geographically.

So, you will also see regional inequality rise... Urban versus rural, because growth by nature will concentrate in urban areas and if it does not, then even if it starts in the rural areas, eventually those areas will become urban... A good example is Shenzhen, which in 1980 used to be just a bunch of fishing villages. Today, it is one of the most vibrant, urbanised spots on the face of the earth. You'd say a lot of people who are in Shenzhen today probably migrated from rural areas. So, they've shared in that prosperity... As long as this inequality is also accompanied by lifting up everybody, particularly the bottom 30%, then it becomes a little more acceptable. The alternative is leaving everybody poor...

Q: How significant is it for the GST council to address some pending issues in the existing framework given the regressive nature of indirect taxes?

A: There are two issues I would address. One is that my general approach, which may be a bit out of sync with most, [is] that I wish we would not use the tax policy as an instrument of promoting equality... income taxation... progressive taxation is well-accepted. But indirect taxation is a little different. I lean very heavily on expenditure policy.

We are going to look at how to do the job of income redistribution, make your taxation efficient, so that the production activity is facilitated by a transparent, efficient taxation, and get the revenues and do the redistribution, which we are doing on a fairly substantial scale. It's a difficult political ask, but as an economist, I would move away from making indirect taxation an instrument of income distribution. That's my first point. The second on GST is that this was a very difficult reform... A big part of that reform is the fact that there is only one tax on any given product... What more remains to be done? We need to build some consensus towards bringing the number of tax rates down. Many economists would argue that a single rate GST would be the most desirable. I think, politically, that is a challenge. But we should certainly strive towards two non-zero tax rates. Long ago, I wrote an article in one of the leading journals about uniform tariffs... And politically, what that means is that lobbying completely disappears... It is also generally more efficient than what we end up with... A similar argument does apply to GST; if you commit to one or at most two rates, then a lot of both criticisms as well as lobbying that goes on for a higher or lower tax rate can be more or less eliminated. So, that is something we, the GST Council, will have to deal with over time.

But as I said, this was a very difficult reform and things are happening in stages... Revenue-wise, GST is yielding solid amount of revenue; the buoyancy is also good. I think the next steps hopefully will come in a logical sequence saying that we will get fewer tax rates. BT

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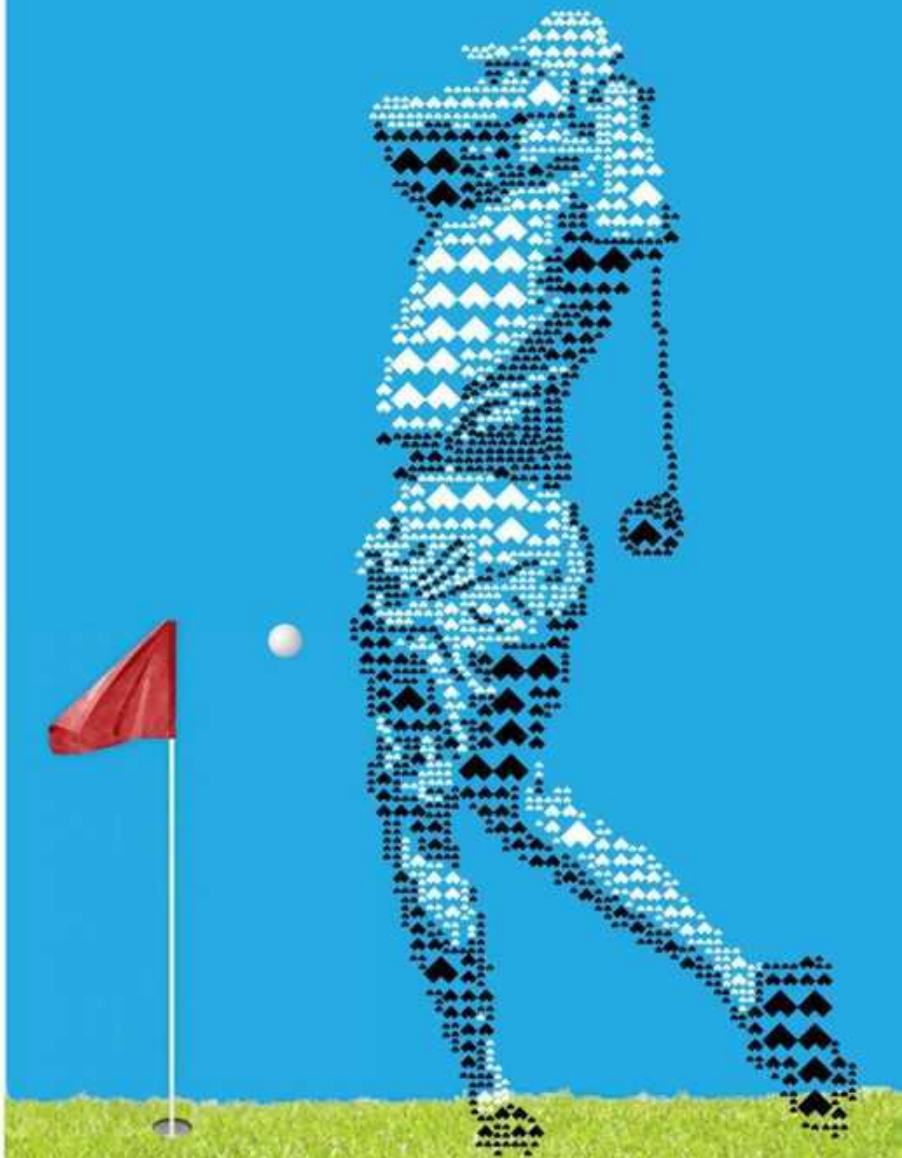

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Q&A

"RBI'S STANCE SHOULD BE TO KEEP THE RUPEE MORE VOLATILE"

Axis Bank Chief Economist Neelkanth Mishra talks about the rupee, quantitative easing, the Trump impact, and more

BY **SIDDHARTH ZARABI**

NEELKANTH MISHRA, Chief Economist of Axis Bank and Head of Global Research at Axis Capital, is a part-time Member of the Economic Advisory Council to the Prime Minister. In an interaction with *Business Today*, Mishra talks about the latest research report from Axis Bank and India's outlook for 2025, among other things. Edited excerpts:

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How is India expected to perform on the economic front in 2025?

The big question on everyone's mind is, will the growth that we have seen in the first half of FY25 slow down? How much of this is a structural problem? How much of this is because of cyclical issues? We believe that almost all of this slowdown is because of cyclical issues. Trend growth remains at about 7%. What happened in the first six months of FY25 is an incredibly tight fiscal condition; generally in the first six months, the central government incurs about 62% of its full-year fiscal deficit. This year, it incurred only 29%... fiscal tightening is very bad for growth... 33% of 4.9% of GDP, which is the target fiscal deficit for this year, means that 1.6% GDP worth of fiscal consolidation was squeezed into just six months. Almost all of it was unintended... We expect that as the government catches up and meets its fiscal deficit target for the year, the tailwinds from that should support the economy in FY26.

There was a second driver of the cyclical slowdown, which was the problem with the credit impulse. So, as we have seen, 17% credit growth has now fallen to below 11%. Some of this was intended. The Reserve Bank of India (RBI) was rightly concerned about unsecured personal loans and microfinance loans being too high. But in the process, the credit slowdown has become much more broad-based. If credit growth slows from 17% to less than 11%, the economy is bound to slow down. On this as well, we expect that some corrective measures are underway... CRR has been cut. I think the ₹1.16 lakh crore of liquidity that we have been seeing, once you apply the money multiplier as well, it will add ₹5.5 lakh crore to overall liquidity and can support 3-3.5% growth in overall credit formation. We expect that as the year progresses, we should see a steady improvement in the economic momentum and FY26 should be closer to 7% real growth.

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Do you see any sector doing well from overall government spending? We've seen capex being one of the key drivers... What is enabling this aggressive intent?

There is no aggressive intent. What we have just seen is that because of the elections, the file movement has slowed down. If you recall, elections this year were one month later than usual. So, while in any election year, there is some disruption to government functioning. This year, it was much more delayed. So, the biggest slippage versus normal fiscal spending occurred in May and June. And because this was kind of the pattern of government action was very different. The 1.6% of GDP worth of unintended fiscal consolidation in the first half would be reversed in the second half and that could become a tailwind for the rest of the economy.

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Do you expect a new rate policy? And if so, when?

On the interest rate side, I don't think the RBI's Monetary Policy Committee has much room to manoeuvre. In fact, what we also highlight in our report is that we expect inflation to remain elevated for much of FY26, and therefore the MPC may not be able to cut rates... Food inflation has been surprising steadily on the upside and there are many factors that I think are at play.

The first is that the income transfer schemes that 14 states are running are in total about ₹2 lakh crore a year at an annualised rate and given that they are targeted at the bottom 40% of the population, the impact is the biggest on the demand for food... This already is ₹2 lakh crore, and by the time most of the states are done with it, I think it will be closer to ₹3 lakh crore. So, the impact on low-end wage rates that then feed

"THERE IS UNCERTAINTY ON WHAT EXACTLY PRESIDENT TRUMP WILL DO... BUT HE WILL RESPECT THE MANDATE"

into labour-intensive crops like vegetables can also be quite meaningful. So, I think the interest rate environment is unlikely to change much. There may not be enough scope... I don't think there will be enough scope for rate cuts to happen.

I think the challenges emerge on the quantitative side so there is cost of money in the interest rates... And for nearly one-and-a-half years, the central bank's injection of money into the economy was well below normal. And a very large part of the money creation was then being done by the commercial banks. And as a result, credit growth was way higher than deposit growth.

[From the] beginning of FY25, RBI started becoming uncomfortable that the loan deposit ratios in many of these banks had become very high. And they instructed the banks to bring it down... That process, I think, with the cut in the CRR, is starting to get reversed, because then there is a structural change in the money available for banks to lend over a period of time.

Once the banks realise that there is less competition for deposits and that they are not going to get slapped on the wrist for growing their loans, the credit impulse in the economy will be positive from being very strongly negative.

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You talked about the stimulus amount going up because of welfare schemes. Does it have implications for the manner in which interest rates are set and the mandate that is given to the MPC? I also refer to arguments that talk about carving out food prices from the overall inflation basket.

At this stage [it] is a somewhat theoretical argument. There is a law that states that the MPC needs to target headline inflation and unless that law is amended, the discussions around this are completely academic... The bigger question is that the impulse on the inflation side because of these income transfer schemes at an aggregate level may not be as intense or as large as what we saw in the 2011-13 period because these schemes are being funded through expenditure switching.

The question to ask from a macroeconomic perspective is where is this ₹2 lakh crore coming from? Is it coming from higher taxes, is it coming from higher deficits or is it coming from cutting expenditure somewhere and spending it on these elements? This trend varies from state to state but at an aggregate level it does seem to us that the expenditure to GDP—if you compare FY19 to FY25 Budgets—is not really going up in most of these states. Which means that they're cutting some other expenditure to finance the schemes. And I think the underlying reason is very strong, which is that state governments have a 3% of GSDP cap, which the central government enforces... And hence the aggregate inflationary impact, which is an 8-10% kind of inflation that we saw 10-12 years ago, is unlikely to happen.

"ON INTEREST RATES, I DON'T THINK RBI'S MONETARY POLICY COMMITTEE HAS MUCH ROOM TO MANOEUVRE"

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Do you expect quantitative easing to continue?

Too much is not warranted, meaning that the money creating levers in the economy should be unrestrained, but active injection of liquidity at this stage, other than to counter whatever is happening on the forex side, may not be necessary. Financial theory says that you cannot manage both the cost of money and the quantity of money to the last mile or the last point, together; meaning that both are interconnected. Money supply is endogenous, meaning the economy kind of creates its own money. For example, as people demand more credit, and banks give that credit, money is created. [In the] overnight money market, when credit growth is strong, things go into deficit, the central bank makes available the money. So, in a way there is a demand angle here as well. You cannot try to control both at the same time. But at the same time, you need to be conscious that the central bank injection of money, if it is not happening adequately, can be changed.

Till 2022, CRR was at 4%... and the economy was creating sufficient money. In 2022, when liquidity went into surplus, the central bank raised it to 4.5%, [and] perhaps bringing it down was necessary. And now it has happened... once

the CRR cuts are in place, if the liquidity remains in deficit and the things in the overnight market are still very tight, they [the central bank] may need to do open market operations to inject more liquidity. But I won't call it quantitative easing.

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What's the outlook for the rupee?

One recommendation is that the rupee should be allowed to be more volatile. It has over the last two years been the least volatile currency in the world. There is some merit in having higher volatility, [but] having excessive volatility is very damaging for the economy, because there are many economic participants, small businesses, small investors who do not have the ability to forecast currency levels, global economy and therefore may end up paying too high a price for hedging their exposures... But if you have too little, then the central bank is taking over the responsibility of hedging effectively for the overall economy, which generally is not wise. And especially as we head into a period of significant volatility in currencies globally, it makes sense for the band in which the USD-INR moves to be a lot wider than what it has been in the past two years.

On the level of the currency, one last point is that there have been some exceptional outflows in the past two and a half months that are unlikely to be repeated or not be that intense in the next three months. So, there has been a significant amount of dollar-selling by RBI to protect the rupee from significant depreciation.

If President Trump's first policy is the extension of tax cuts, the fiscal deficit in the US starts going up, there is an increase in 10-year US bond yields, there are more outflows from emerging markets, the dollar strengthens further, then the rupee can face some more pressure. A bigger issue is going to be what happens to the Chinese yuan (CNY), the renminbi. Chinese policymakers... have already signalled that they are preparing for a devaluation... if the USD-CNY was to rise further, then there would be a big question for the central bank as to, 'do you really want the rupee to appreciate against the yuan?' And this is not just the INR, every central bank in the world will have to ask themselves that question.

I must say though, that keeping the rupee more volatile should be the stance of RBI.

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Will the new Trump administration's initial salvos hurt or help growth?

There is some uncertainty on what exactly he will do... But what is clear is that he will respect that mandate... The first is that there will be checks on immigration. And I think the deportation that he has promised, deporting 11 million illegal immigrants, looks difficult... But there is very likely to be a slowdown in immigration.. Which means that some of the growth surprises that the US was showing—which was coming from higher labour force or faster growth in the labour force—will slow down.

There is a second element, deregulation... which is... in government hands. Financial sector deregulation, oil drilling deregulation, healthcare deregulation, all of these will potentially boost productivity growth for the US. On the fiscal side, the fact that he wants to extend the 2017 tax cuts that are expiring in 2025, will mean that the US economy gets some fiscal impulse and that could also be a growth positive.

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Trump has continued to mention India and Brazil together with regard to tariffs. Do you see a shift required in our trade policy?

This is where I think many of the statements that we hear from the new US are starting points for negotiation. Even the threat of reciprocal tariffs... will mean that India may be among the worst affected, because India's import duties are among the highest among the major economies. We have calculated that if it is just translation, it would be about $7.5-7.6 billion in a year, which is not small, but not shattering. So, should India's trade policy be changing in anticipation? I think this will be a process of negotiation. BT

@szarabi

"WE SHOULD SEE IMPROVEMENT IN ECONOMIC MOMENTUM; FY26 SHOULD BE CLOSER TO 7% REAL GROWTH"

Your Palate for 2025

What's in store for you in the New Year when you go out for a meal or a drink? We ask industry experts to predict F&B trends for 2025

BY **SMITA TRIPATHI**

Hyperlocal and Ethical Dining

The conscious consumer is driving a major shift toward sustainability. Guests now want to know where their food comes from—whether it's the name of the farmer, the GI tag of the produce, or the story of how it's grown. F&B businesses are prioritising seasonal, local sourcing, and ingredient-first menus. "This movement is redefining luxury dining by celebrating fresh, hyperlocal produce while supporting ethical practices," says Rajan Sethi, Managing Director, Bright Hospitality Pvt. Ltd, which runs restaurants like Ikk Punjab and Omo Café: Soul Food Community in the Delhi-NCR region as well as bars like AMPM in Kolkata. Adds Saurabh Sahni, Hotel Manager, The Westin Hyderabad Mindspace: "Sustainability will continue to play a big role, with a push for biodegradable packaging, reducing food waste, and responsibly sourced ingredients. Innovations like upcycled foods and regenerative farming will also gain attention."

Sustainability is a big global trend. For instance, the Four Seasons Resort Mauritius at Anahita partners with small-scale planters and producers for seasonal and local produce.

Zero-waste Kitchens

Continuing with the theme of sustainability, there will be an increased emphasis on zero-waste cooking practices. "It is pushing us to go beyond finding ways to use every part of an ingredient and reducing food waste.

IN HIGH SPIRITS Agave-based spirits such as tequila and mezcal will continue to dominate, with more bartenders using them in cocktails

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PICTURE COURTESY **THE WESTIN HYDERABAD MINDSPACE**

From regenerative farming, carbon-neutral production, upcycled ingredients, and edible packaging, among others, innovation is at the core of sustainable gastronomy," says Rajiv Ranjan Singh, Executive Chef of Mövenpick Resort Al Marjan Island, Ras Al Khaimah.

Adds Saravana Bhagavath, Chef of Four Seasons Resort Mauritius at Anahita, "It is important to create menus that prioritise zero waste, where every part of the ingredient is used creatively, from root to stem. This reduces environmental impact and ensures the sustainability of the entire process."

Regional Comfort Food: Nostalgia is Back

In a world of molecular gastronomy and overly modernised menus, diners are returning to the comfort of honest, traditional cuisine. Regional food that tells a story and stirs memories is taking centre stage. "In 2025, food will be about creating an emotional connection with diners through authenticity," says Sethi. Adds Sahni, of The Westin Hyderabad Mindspace, "Consumers will explore more local flavours, artisanal products, and traditional recipes. These trends highlight a shift toward healthier, more sustainable, and culturally rooted food experiences."

Plant-based Foods

"The demand for plant-based foods, including meat substitutes and dairy alternatives, will grow as people focus more on health, the environment, and ethical choices," says Sahni. Agrees Singh of Mövenpick Resort Al Marjan Island, "More people are gravitating towards plants for protein and alternative meat that mimic the texture and taste of animal-based counterparts."

True to Form

"True to form" is back and is here to stay, says chef-entrepreneur Tarun Sibal. "Guests want chicken or mutton that feels, looks, and tastes like chicken or mutton. They are done with oranges that taste like apples, look like bananas and have a hint of peach somewhere," he says. Sibal, who runs various restaurants and bars in Delhi, Goa, and Bengaluru, including KhiKhi and Titlie, says people dine for lip-smacking food; everything else could be a plus. "Once it's yum, I have no issues with it being gluten-free, vegetarian, lactose-free, sustainable, forage-based, etc.," he adds.

Spotlight on Heritage Indian Spirits

The year 2025 will shine a spotlight on heritage Indian spirits, as consumers rediscover and embrace home-grown expressions that are rooted in India's rich cultural traditions, believes Vikram Achanta, Founder and CEO of Tulleeho, a beverage education and consultancy firm.

"Spirit-led and spirit-specific bars are also on the rise, with curated menus showcasing the unique profiles of individual spirits such as gin, whisky, and rum, fostering deeper connections between guests and their drinks," he adds. Barfly in Goa and Mezcalita in Mumbai are examples of bars with agave-focussed menus, while MTW in Goa focusses on gin, and Bar Outrigger, also in Goa, is heralding rum.

Bartenders Owning Bars

Expect a lot more bartender-owned and -run bars, says Minakshi Singh, Co-founder of New Delhi-based Sidecar and Gurugram-based Cocktails and Dreams and The Brook. "We would also see a lot more of internal local flavours coming in; there will be more storytelling from regional places, Tier II towns, and a lot of cultural integration," she says.

While a lot of Indian cultural

1 **In 2025, restaurants will focus more on plant-based and sustainable menus**

2 **Dishes which look and taste true to their form will gain more acceptance**

stories and hyperlocal ingredients are a part of kitchens, Singh expects a lot more of it in bars. "Definitely bartenders are going to match up to the chefs that are already doing that," she says.

Rise of Tequila and Agave-based Spirits

Agave spirits are set to maintain their dominance in the beverage landscape. The category is poised to expand into more artisanal expressions, such as pure 100% agave, along with mezcals, sotols, and añejos (aged agave expressions). "Agave-based cocktails, or classic whisky- and gin-based cocktails featuring an agave swap, are evolving from a trend to a mainstay, with savoury flavour profiles taking centre stage in cocktail culture," says Rakshay Dhariwal, Founder and Managing Director, Maya Pistola Agavepura (Pistola) and Pass Code Hospitality.

Immersive Experiences

Be prepared for more immersive experiences like Omakase-style cocktail bars, where each drink is tailored to the guest, such as at PCO Delhi's curated space, The Director's Room. Restaurants will also engage diners with more than just good food, immersing all five senses, and more.

"They will be treated with multi-sensory ambience, tableside presentations, storytelling elements, visual projections, ambient lighting, scent diffusion, even AR and VR," says Singh of Mövenpick Resort Al Marjan Island.

Collaborations: The New Recipe for Innovation

Consumers are seeking unique, dynamic dining experiences. In 2025, four-hands dinners, brand collaborations, pop-ups, and takeovers will continue to transform the F&B space. "These events offer a refreshing way for chefs, mixologists, and brands to come together, share creativity, and surprise diners. The trend reflects the guest's desire for fresh, ever-changing experiences that go beyond a static menu," says Sethi. BT

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What was the problem you grappled with?
Due to certain changes in regulations we had to re-align one of our large business divisions, where we would have to redeploy people. One option was to take the role offered or to move on. Alternatively, we could take into consideration each person's choice and reassign them.

Whom did you approach for advice and why?
I reached out to my manager, and together, we weighed the pros and cons.

What was the advice you received?
My manager's advice was to do what was best for the employees, even though it would entail significant business cost.

How effective was it in resolving the problem?
The whole episode helped the leadership develop a level of trust with the team which I have not seen before or since. The fact that we were willing to go to any extent to take care of the team sent a strong message. All of them stayed back and we went on to become a very successful unit. BT

—TEAM *BT*

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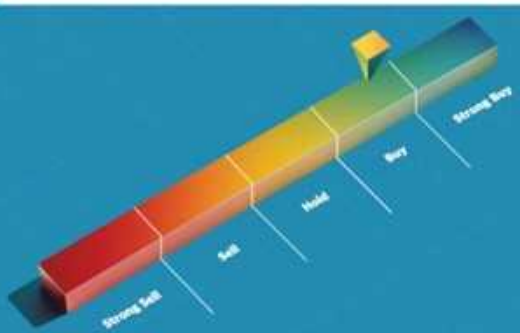

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